

The Nation's Business

Agriculture - Mining - Manufacturing
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WASHINGTON, D. C.

Finance - Education - Professions
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Number 1

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Where Commercial History will be Made

The Third Annual Meeting of the National Chamber

Washington, February 3, 4, 5, 1915

Never in our commercial history has a message been awaited with more expectancy than what President Wilson will have to say at the third annual meeting of the Chamber of Commerce of the United States. Not only will the President take this opportunity to address the delegates assembled but no less than three of his Cabinet, Secretary Bryan, Secretary McAdoo and Secretary Redfield will participate in the proceedings.

Coming at this critical time in world events the deliberations of the National Chamber will assume international proportions. In the short space of three years the Chamber of Commerce of the United States has become the recognized mouthpiece of American Business in its national and international relations. Not in the history of any country has a definite union of business forces taken place in a shorter time.

The tentative program appears on the third page of this issue. The subjects selected are all

national in scope. Secretary Bryan will speak on the attitude of the Government in regard to American investments in foreign countries. The pending ship purchase bill will be discussed by Secretary McAdoo and Senator Burton of Ohio. Secretary Redfield will have for his topic the development of foreign commerce. The delegates will have presented to them in action two reports of most immediate importance,—one from the Special Committee on Merchant Marine presenting a constructive program for dealing with this pressing subject, the other from the Special Committee on Trust Legislation recommending a greater degree of freedom for combination among business interests in carrying on foreign trade. The work of the Federal Reserve Board, the scope and purpose of the Federal Trade Commission, the policy of the Bureau of Foreign and Domestic Commerce, and other topics will be considered.

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ROBERT D. HEINL, ASSOCIATE EDITOR.

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Under the Act of March 3, 1879.

THE CHAMBER OF COMMERCE OF THE UNITED STATES OF AMERICA

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*Indicates members of Executive Committee.

DELEGATES to the Third Annual Meeting are urgently requested to come early, register early and make their arrangements to attend every session. One of the most important phases of the development of foreign commerce will not be taken up until the last day. Reservations by those who desire to attend the Annual Banquet on the evening of the second day should be made as soon as possible.

ON the opposite page appears the program of the Annual Meeting as arranged up to the time of going to press. It reflects the national character which the Chamber of Commerce of the United States has definitely established.

The first of the three members of the Cabinet who are to address the meeting will be the Secretary of State. Discussion of the Ship Purchase bill will be inaugurated by the Secretary of the Treasury. The Secretary of Commerce will speak at the banquet on the development of foreign commerce. A special evening has been set aside for the address of President Wilson. He will speak at 8:00 P. M. Tuesday, February 3, the opening day.

TWELVE directors will be elected. Those whose term expires at this session are:

Isaac Ullman, New Haven, Conn.
William H. Douglas, New York City.
John H. Reynolds, Rome, Ga.
R. G. Rhett, Charleston, S. C.
John W. Philip, Dallas, Texas.
Charles S. Keith, Kansas City, Mo.
L. C. Boyd, Indianapolis, Ind.
Henry B. Joy, Detroit, Mich.
C. E. Yost, Omaha, Neb.
Thomas B. Stearns, Denver, Colo.
Paul T. Carroll, San Francisco, Cal.
Thomas Burke, Seattle, Wash.

It will be noted that the National Council convenes at 2:30, Tuesday afternoon, February 2, the importance of which meeting is set forth on this page.

AFTER many years of effort on the part of those desiring to improve the foreign service, a bill which is reviewed in this issue will soon be presented for President Wilson's signature.

It is hoped it will be of the utmost importance in increasing the efficiency of diplomatic and consular officials. That the new legislation will prove of great benefit to the business men of the country is expected confidently by those favoring it.

The bill was introduced by Senator Stone, of Missouri, and already has been passed by the House and Senate with slight amendments. Through the Secretary of State the President has gone on record as heartily supporting the proposed legislation. If the bill finally becomes a law, instead of a diplomatic or consular officer being appointed to a specific embassy or consulate, he may be appointed to a particular grade or office; that is to say, a secretary in the diplomatic service or a consul general or a consul of a particular class in the consular service. The President will then be able at any time to assign him to duty wherever his presence is most needed.

At present when such an official is transferred he cannot be detached excepting by a new nomination, a new confirmation and a new appointment. These requirements are particularly embarrassing, State Department officials say, at a time such as the present European crisis, when our London, Paris and other embassy staffs, for instance, have had to be greatly enlarged to handle the extra work.

In the future, according to the principal feature of the bill, diplomatic and consular officers may be changed the same as army and navy officers are assigned from post to post or ship to ship. The State Department may detail a consul to spend time imparting information to business men here regarding commercial conditions abroad or in visiting industrial, manufacturing and exporting districts for the purpose of studying what the United States produces that he may be better qualified to promote the sale of American products in the foreign country to which he is assigned. He will, by law, be provided with subsistence when he is detailed to visit commercial organizations or manufacturing plants.

The first effort to have a bill of this exact nature passed was made as far back as 1895, but the agitation for the general improvement of the foreign service began years before that. Those who favor the present legislation are of the opinion that its passage marks a great step forward.

National Council

THE day preceding the Annual Meeting is provided by the By-Laws for the meeting of the National Councilors who form, in the relations between the National Chamber and its organization members, a connection of great importance. Certain specific duties each year fall upon National Councilors. The program for the Annual Meeting is prepared by a program committee, but its final adoption and approval lies with the National Councilors in their annual meeting.

Each year the election of officers also becomes a matter of importance which is provided for in the By-Laws. Half of the Board of Directors retire annually. The nomination of their successors rests with a nominating committee which is selected at the meeting of the National Council. The composition of this committee is so arranged that all of the Chamber's organization members are duly represented both with regard to their character and to the section of the country in which they are located. The selection of the committee is a matter which requires careful consideration.

In addition to the prescribed duties of the National Council, its meeting this year will be the occasion of an address on a subject which has already been submitted to referendum and which the Chamber is consequently authorized to support as strongly as practicable. The subject is further interesting as having been the initial question submitted to a referendum vote. On January 14, 1913, the National Chamber concluded the first ballot of its organization members on a national question and by a vote of 510 to 10 became committed to support a plan for a National Budget. Since that time no legislation or other effective measures for revising existing methods of appropriations by Congress have succeeded. The idea of a National Budget, however, has attracted considerable attention and been the subject of debate by members of Congress. At the meeting of the National Council the afternoon before the Annual Meeting this year the National Councilors will be addressed on the subject of a National Budget by Mr. Harvey S. Chase of Boston. The consideration that they may subsequently give the question will be a matter of great interest.

The Councilors who attended the meeting of the National Council last year will recall the address made to them by the present President of the National Chamber who was then Chairman of the Executive Committee. Stress was laid upon the importance of the assistance which National Councilors could lend in increasing better understanding and more effective cooperation between the National Chamber and its constituent members. Their duties extend also to each referendum submitted to their respective organizations for action and to seeing that it is submitted to prompt attention and an expression of opinion returned in due order to the national headquarters. During the past year the cooperation of National Councilors has been made further effective by reports and information which they have furnished the National Chamber on subjects affecting the interests of members. As their functions become more clearly understood in practice the definite services which they can perform will be more fully realized and all indications for their approaching meeting promise a large attendance and cordial cooperation.

War Risk Insurance

THE relief afforded American exporters by war risk insurance on the part of the Government continues to increase. In the last number of THE NATION'S BUSINESS it was noted that by December 15 the War Risk Insurance Bureau had written policies on American vessels and their cargoes aggregating \$22,486,000, the premiums received in connection with these policies amounting to \$502,000. On January 19, the amount of insurance written by the Bureau had risen to a total of \$37,751,000 with premiums amounting to \$946,000. These figures cover a total of 562 policies and as yet no losses have been incurred. It will thus be seen that the income of the War Risk Insurance Bureau has practically doubled in less than five weeks. At this rate, unless unforeseen conditions arise, it is a matter only of days before the total receipts from premiums will have reached an aggregate of \$1,000,000.

The foregoing figures indicate clearly the positive demand for war risk insurance by the Government. In addition to Great Britain, France, Japan, Italy, Sweden and Belgium, it now appears that the Russian Government has also established a system of war risk insurance covering vessels, cargoes and freight. Government insurance would thus seem to have received a very wide endorsement and the questions now confronting the War Risk Insurance Bureau in this country acquire additional interest. To American shippers the whole question is a novel one, but the figures given above show clearly the solid approval it has received.

No new system can escape problems inherent in any unexplored field. A number of proposals have now been put forward either as remedies or as improvements. It has first of all been suggested that the War Risk Insurance Bureau should fix no limit to the value of the insurance, it will write for any vessel. At the present time, the maximum amount has been \$1,000,000. One of the difficulties confronting this suggestion is the fact that the total sum made available by Congress to cover the Bureau's possible losses is \$5,000,000.

A suggestion which is more strictly a matter of administration is one which would provide that, so long as the total insurance on any one cargo is limited, the various policies written for any one vessel should be pro-rated among the shippers in proportion to the value of their respective undertakings. Another suggestion has been made that the Bureau be authorized to insure American-owned cargoes carried in neutral ships. This proposal would result in extending to neutral foreign shipowners advantages and facilities originally devised exclusively for Americans, as the law provides that war risk insurance can only be written on American ships and their cargoes. The most advanced proposal consists in a plan for the Bureau to write straight marine insurance although present regulations provide that it shall write only war risks and then on ships and cargoes which have already been covered by marine insurance.

Whatever action may ultimately be taken in regard to any or all of these proposals, they appear to offer a perfectly clear indication that the relief provided by the War Risk Insurance Bureau has been positive and effective and that such criticisms as have been made are mainly in the nature of improving and extending its functions.

Source unknown

THIRD ANNUAL MEETING OF THE CHAMBER OF COMMERCE OF THE UNITED STATES OF AMERICA

WASHINGTON, D. C., FEBRUARY 3, 4 and 5, 1915

Preliminary Program of Annual Meeting

The work of the Program Committee has not been fully completed and some transfers are still pending determination. It is subject to final approval by the National Council on February 2. All meetings will be held at the New Willard Hotel.

NATIONAL COUNCIL

FEBRUARY 2, 2:30 P. M.

Meeting of the National Council.
Submission of Program for Approval.
A National Budget—Mr. HARVEY S. CHASE of Boston.
Selection of Nominating Committee.

ANNUAL MEETING OF CHAMBER.

First Session:

FEBRUARY 3, 10:30 A. M.

Appointment of Convention Committees.
Reports of National Council and Nominating Committee.
Report of Treasurer.
Address by President FAHEY.

Second Session:

FEBRUARY 3, 2:00 P. M.

American Investments Abroad—Hon. WILLIAM J. BRYAN, *Secretary of State*.
The Federal Reserve Act in Relation to Trade Expansion—Mr. SAMUEL MCROBERTS, *Vice-President, National City Bank, New York City*, AND OTHERS.
Report of Committee on Credentials.
The 1914 Census of Manufactures and the Present Status of Government Export and Import Statistics—Report of the Standing Committee on Statistics and Standards—Mr. A. W. DOUGLAS, *Chairman*.
Report of the Special Committee on Uniform Food and Drug Regulations—Mr. WILLOUGHBY M. MCCORMICK, *Chairman*.

Third Session:

FEBRUARY 3, 8:00 P. M.

Address by the President of the United States.
Introduction of Resolutions.

Fourth Session:

FEBRUARY 4, 10:00 A. M.

Development of the Merchant Marine of the United States.
Discussion by Hon. WILLIAM G. MCADOO, *Secretary of the Treasury*.
Hon. THEODORE E. BURTON, *United States Senator from Ohio*.
Report of the Special Committee on Merchant Marine—Mr. WILLIAM H. DOUGLAS, *Chairman*.

Fifth Session:

FEBRUARY 4, 2:30 P. M.

The Federal Trade Commission—Hon. JOSEPH E. DAVIDS, *Commissioner of Corporations*.
How May We Secure Materials Needed in American Manufacture for Which We are Now Dependent on Foreign Countries—
Preliminary Report of the Special Committee on Maintenance of Resale Prices—Mr. PAUL T. CHERINGTON, *Chairman*.
Successful Methods of Commercial Organizations—Mr. HARRY A. WHEELER of Chicago, AND OTHERS.

ANNUAL BANQUET, FEBRUARY 4, 8 P. M.

Hon. WM. C. REDFIELD, *Secretary of Commerce*.
Hon. CHARLES S. HAMLIN, *Governor of the Federal Reserve Board*.

Sixth Session:

FEBRUARY 5, 10:00 A. M.

Rural Credits—Hon. MYRON T. HERRICK, *Former American Ambassador to France*.
Development of Foreign Commerce—Speakers to be announced later.
Recent Work of the Bureau of Foreign and Domestic Commerce—Dr. E. E. PRATT, *Chief, Bureau of Foreign and Domestic Commerce, Department of Commerce*.
Trade Expansion and the European War—Mr. E. A. FILENE, *Vice-President International Congress of Chambers of Commerce*.
Should Business be Free to Enter Into Combination for the Development of Foreign Commerce—Report of the Special Committee on Trust Legislation—Mr. R. G. RHETT, *Chairman*.

Seventh Session:

FEBRUARY 5, 2:30 P. M.

Election of Directors.
Report of the Committee on Resolutions.

Organization members should immediately appoint their National Councillor and Delegates and communicate names to the National Headquarters. National Councillors and Delegates who have been appointed should advise the General Secretary as to their arrival and address in Washington. Hotel reservations should be made at once.

Improvement of Our Foreign Service

For admission to the Consular Service, and for examinations and records which the National Chamber, following resolutions of its First Annual Meeting, has urged should be made permanent through an act of Congress. No bill for this purpose is likely to pass at this session. But a bill affecting the Consular Service in a somewhat related way, has passed both Houses and will soon become law. As a matter of information this bill is described here from the point of view of the State Department

Of vital interest to business men of the country is a bill which has just passed the House and the Senate and in a few days will be sent to the President for his approval. The bill was introduced by Senator Stone. It aims, essentially, to do away with the present inelasticity of the diplomatic and consular service.

WASTE OF EFFICIENCY

Every secretary in the diplomatic service, consul general, and consul, is tied to a certain post from which he cannot be detached except by a new nomination, a new confirmation and a new appointment, all of which have to be done as if the officer had never been in the service before.

It is argued by those favoring the bills if, as it may often happen, the business of one embassy, for the time being, is almost nil—as for example when our embassy was withdrawn from Mexico recently—the secretaries appointed by law to that particular embassy have either to be kept on salary without being able to perform any duty or be dropped from the service because they cannot be assigned either to the Department in Washington or to another embassy where the work is beyond the capacity of the existing force provided by the law. The same situation is true with the consuls general and the consuls. Should the proposed legislation be enacted it would be possible to transfer diplomatic or consular officials the same as army and navy officers are assigned to different posts or ships.

As things are now, the Secretary of State has no right to bring an officer back to the department either because his experience there is necessary for the benefit of the department, or because it is desirable he should have certain training before undertaking some special duty abroad.

Neither may the State Department detail a consul to spend time visiting and imparting information to business men regarding commercial conditions abroad or in visiting industrial and manufacturing and exporting districts for the purpose of studying what the United States produces in order that he may be better qualified to promote the sale of American products in his district abroad.

The new legislation would give the department the right to accomplish both of the above purposes. It would provide by law, also, for necessary expenses for the subsistence of officers when they are detailed to visit commercial organizations or manufacturing districts. There are no such provisions in the law at present.

ADMINISTRATION ATTITUDE

The Stone bill (S. 5614), passed the Senate with a slight amendment. It passed the House on January 18th, again slightly amended. The war in Europe and the responsibilities which it has thrown on American diplomatic and consular officers has made the enactment of this measure most necessary now. Fully as important, however, is the permanent service which the new legislation will afford to business.

As showing the urgent desire of President Wilson and Secretary Bryan

for the passage of the bill this session, a letter written by the Secretary of State to Senator Stone is reprinted here:

"Under date of May 18, I recommended to you the passage of certain legislation dealing with reforms in the Diplomatic and Consular Services, the object of which was to obtain higher efficiency to the Government and greater service to the business interests than are obtainable at present.

APPOINTMENT TO GRADES

"The improvements which I then proposed were:

"(1) The appointment by the President, with the approval of the Senate, of secretaries in the Diplomatic Service and consuls in the Consular Service to certain grades rather than to individual posts, assignments to posts and transfers from one post to another within a grade to be left to the discretion of the President. The object of this proposal was to introduce elasticity into the services so that when emergencies arose demanding at certain posts the presence temporarily of additional experienced officers the President could transfer to those posts additional secretaries or consular officers who were not so urgently needed elsewhere. The proposed legislation will also enable the President to adjust the two services to the changing conditions in our commercial relations with the other countries and to change the assignments of officers in such manner as to enable them to render a maximum of efficient service.

"(2) A slight increase in the number and salaries of diplomatic and consular officers, with a total increase in the appropriation of approximately \$50,000.

"(3) A provision that an officer may be given special detail outside of his regular post in order that he might have an opportunity to interchange views and opinions with the business men of this country.

EMERGENCY CONDITIONS

"Great and increasing responsibilities have devolved upon the representatives of the United States abroad because the nations engaged in the present conflict in Europe have entrusted the interests of their subjects and citizens to American diplomatic and consular officers. In London, for instance the American ambassador must care for the German and Austrian interests throughout the British Empire; in Berlin, our ambassador must care for French and British interests; in Vienna, French and British interests; in Paris, Austrian and German interests; in St. Petersburg, Austrian and German interests, and in addition to this some of our ministers are looking after the interests of belligerents in the countries to which they are accredited, and our consuls are representing the interests of the belligerent nations in practically all of the countries now engaged in the war.

REQUEST FROM LONDON

"The department has received a cable from the ambassador in London, the substance of which I should like to bring to your attention, especially in this connection, inasmuch as it presents

the needs of the London embassy, which is only typical of the other American embassies in the capitals where the United States has undertaken to look after the interests of belligerents. Having in mind that after the termination of the present war there must necessarily follow several months of diplomatic settlement in which the representatives of the United States will be actively concerned because they are the unofficial representatives of the belligerents, Mr. Page asks for six additional secretaries, making a total of nine in the embassy. He asks that these should be permanent secretaries in the diplomatic service and that they should be regular additions for the year to the embassy staff. He also asks for additional clerks, messengers, etc., and concludes with the request that these additional secretaries should be sent as soon as possible, inasmuch as the volunteer staff which has been so ably assisting the ambassador during the last fortnight will soon have returned to the United States.

"In the present emergency the President desires me to inform you that he earnestly hopes that the bill (S. 5614) which you were good enough to introduce in the House on May 19 last will become a law at the earliest possible moment. The President feels that the responsibilities of the American Government in its relations with the belligerent nations makes it essential that the staffs of our embassies, legations, and consulates in certain capitals should be enlarged and equipped so as to insure the highest degree of efficiency and the giving of general satisfaction not only to Americans but to those nations whose interests the United States has undertaken to represent.

"Sharing the views of the President, as I do, I take pleasure in bringing this important subject to your attention in the hope that it will receive immediate consideration."

GREATER MOBILITY

The proposed legislation will change the mode of appointment so that instead of appointing a man to a specific embassy or consulate, he may be appointed to a particular grade of office, that is to say, a secretary in the diplomatic service or a consul general or consul of a particular class, so that the President may at any time withdraw an officer from a particular post and put him on duty in another post where he may be more urgently needed. The purpose of the bill is to make the service mobile and adaptable to conditions as they may change from time to time. The State Department is at present proceeding in the diplomatic and consular service on principles which if applied to the army and navy would mean that every time the Secretary of War desired to change an officer from one army post to another, or one command to another, he would have to nominate the officer to the Senate, get him confirmed, and secure a reappointment. Precisely the same would hold true in the Navy where an officer was to be changed from one battleship to another or assigned to command of a different yard or naval station.

PRESENT SYSTEM INADEQUATE

The present classification was made, more than nine years ago, admittedly on inadequate information. As the law now is a consulate at a place which has in these nine years become unimportant can be abolished or transferred to another place only by another act of Congress. Those in authority say experience shows that this process takes from one to five years. The bill now under consideration would enable the President to reclassify officers from time to time as changing conditions and cost of living might make it necessary.

Another reason for greater mobility, it is pointed out, is that if conditions should arise in a district to which a low grade or inexperienced consul were stationed which should make it necessary in the interests of the Government, its citizens or commerce, to place there one of its most experienced and efficient men and therefore one of its higher salaried officers, that could be done at the present only by reappointing a higher salaried and experienced man to a low salaried post and reducing his compensation. Supposing something occurred in South America where the United States had a two-thousand dollar man and knew that a man of the eight-thousand dollar grade possessed the exact qualifications to deal with the particular situation, under the present legislation the eight-thousand dollar man would have to be reduced to the two-thousand dollar grade, with all the attending formalities.

PREVIOUS EFFORTS

Senator Morgan, of Alabama, in 1895 introduced the first bill to classify the service regarding admission by examination and having in mind the elastic feature explained above. The bill was reported favorably but not passed. After a number of years, Senator Lodge of Massachusetts took it up and finally business men throughout the country became more and more interested. Up to 1906 bills were based on the theory that it was desirable to have this elasticity as well as a legal requirement and that admission to the service should be conducted upon examination. But in passing the Consular Reorganization act of 1906, Congress omitted the provision for the appointment to grades and substituted appointments to specific places and eliminated entirely all provisions requiring admission to the service by examination.

Since that time the executive branch of the Government has been endeavoring to obtain legislation similar to that contained in the present bill for appointment to grades and therefore of greater elasticity. There have been frequent attempts to induce Congress to give the sanction of law to the existing executive orders requiring admission to the service.

Stated briefly the main provisions of the bill are that secretaries in the diplomatic service and consuls general and consuls are to be appointed to grades, instead of to posts as at present. Transfer from one post to another

(Continued on page 10)

Insurance on American Shipments

Germany stands ready to take American cotton in large quantities,—perhaps to a value of \$100,000,000. Not only to make possible this trade in cotton but to make possible all exportation by sea,—in November, 1914, values of \$158,900,000 were carried abroad by foreign steamers and \$16,700,000 by American steamers,—insurance must be had. Marine insurance is highly susceptible to a multitude of influences. After the Titanic disaster rates advanced to such a point that important transatlantic lines considered cooperative insurance. Some recent difficulties are mentioned here.

INSURANCE against loss at sea is no less essential to shipment of valuable cargo overseas than merchant vessels themselves. The values hazarded in the trans-Atlantic voyage of a freight steamer are large. A vessel worth \$250,000 will usually carry cotton worth \$750,000; in other words, one million dollars will be involved in one eastward voyage from the United States. Neither shipowners nor owners of merchandise are ordinarily willing themselves to bear the risk of this loss through perils of the sea or incidents of the war being waged in foreign nations.

The Underwriter's Business

To assume this risk, as a matter of business, and to free traders from the uncertainties of hazards to which they can give little attention, the profession of the underwriter has developed through many generations. In gauging the price at which a cargo or vessel can safely be insured, an underwriter must have intimate knowledge of all the circumstances which will surround the voyage, from the construction and manning of the ship and the physical characteristics of the cargo to the probabilities of the weather, the aids to navigation on foreign coasts, and opportunities for salvage. When underwriters recently heard that X-ray photographs had been taken to show that bales of cotton did not conceal other merchandise they at once had to consider whether or not this procedure introduced a new element of hazard for them. Although some elements of the risk have been much standardized through cooperation each voyage now involves personal and expert judgment.

Complaints of Rates

In the early weeks of the European war, when underwriters in common with other business men faced many unknown situations, they asked various high rates for insurance, both for ordinary marine insurance and for war risk insurance. As much as 25 and 30 per cent were charged to cover risks through the North Sea, 10 per cent to South America, and 15 and 20 per cent to the Far East.

At the end of December a report submitted to the Senate stated that rates of marine insurance on shipments to English and neutral European ports had become almost normal, with an increase for a voyage to some ports ranging from 1/2 to 3/4 per cent. For shipments to German ports of goods not contraband of war in American vessels the rates were 1 to 1 1/4 per cent above normal,—an increase which was said not to be unreasonable in view of the class of vessels which were being used. According to rates of insurance from New York to Bremen as quoted by various companies, the cost of insurance per bale of cotton ranged from \$2.70 to \$4, without deductions on account of the return voyage. In commenting upon these rates underwriters have said that in their endeavors to facilitate commerce they have written insurance on vessels which in ordinary times they would not insure at all,—vessels with single bottoms, built for service in the coastwise trade or on the Great Lakes.

Warranties Connected with War

Policies of marine insurance contain the "F. C. S." clause, which frees the insurance company from the results of capture, seizure, and other warlike operations. To cover these risks connected with war policies of war-risk insurance are written,—now by the Government Bureau of War Risk Insurance as well as by private companies. The policies covering the war risk which are written by the Government Bureau do not contain warranties or clauses which make the insurance void in certain events, but the limitations on the amount of insurance which the Government Bureau will write,—\$1,000,000 is the largest amount it has placed on one vessel and its cargo, and it can write any insurance only if the vessel is American,—have made it necessary for some shippers of cotton, for example, to seek war-risk insurance at higher rates from American companies.

Warranty of Neutrality

In all cases, it is said, the American companies have insisted that a warranty of neutrality be placed in the policy. In other words, the shipper of cotton to Holland has had to agree that if the cotton were sold during the voyage to a citizen or resident of any other country than the neutral country of original destination the insurance would be of no effect. In ordinary times documents representing a shipment of cotton are "fluid,"—that is, they are adapted for easy transfer and sale between the shipper and his bank and between banks. Shippers and bankers accordingly found some fault with this warranty of neutrality, on the ground that it impeded the shipper and his bank from realizing on the documents. There may have been some irritation, too, because naturally having in mind the American point of view that no question of neutrality can arise in regard to trade in articles not contraband of war, American shippers incline to a quick conclusion that such warranties are exacted for ulterior motives.

In objecting to warranties of this sort shippers of cotton referred to statements of England and France that cotton was not contraband of war, maintaining that as a consequence the nationality of the owners could be of no significance. They pointed also to the Declaration of Paris, made in 1856. This convention, like the Declaration of London of 1909, was signed by representatives of France, England, etc., but although acceded to by many states now in the German empire was not formally ratified by France, England, or the United States. The second principle of the convention was "The neutral flag covers the enemy's goods, with the exception of contraband of war."

Position of Underwriters

In response to these contentions the American companies have maintained that for any rates which are within reason they could not assume all the uncertainties of international law, the contingencies of decisions in prize courts, and the accompanying liability of cotton to landing at unexpected ports, improper storing, and exposure

to hazards of fire. Commenting upon the situation an American underwriter recently took the point of view that most international arrangements have now "gone down the wind." Whether or not this point of view is accurate it is true that Hall, the English authority on international law, as much as twenty-five years ago expressed an opinion that Europe was moving toward a war in which international law would not have strength enough to restrain the combatants.

Necessity of Reinsurance

Another fact probably influences American companies. In writing insurance upon a cargo of cotton for \$500,000, \$750,000, or more, a company does not feel secure in bearing the whole chance of loss; consequently, reinsurance is the rule. Moreover, existing American companies have not such aggregate capital and resources that they can through reinsurance distribute among themselves all the risks on American cargoes. Although it is true that a new American company or two have recently been organized, it has been necessary for American companies to look to English companies for reinsurance. London has been a great international market for reinsurance.

Trading With the Enemy

English companies, however, cannot give reinsurance directly or indirectly for the benefit of residents of countries hostile to England. Under the British "Trading with the Enemy Act" the penalties are fine and imprisonment and even penal servitude. If an English company validly reinsured a risk of an American company and the property insured passed to the ownership of a resident of a country hostile to England the reinsurance, as a matter of English law, would probably become void. The necessity of reinsurance and the incidents of reinsurance with English companies explain, according to some underwriters, the requirement of American companies that during the life of their policies the ownership of cargoes of cotton remain neutral.

Possible Plans

One underwriter contends that the American companies have ample facility for carrying among themselves insurance of the marine risk, being able to give not less than \$500,000 per bottom. It is in connection with war risk insurance that the facilities of American companies are limited.

American vessels and goods shipped in vessels which have American registry can get war insurance from the Government Bureau; if they cannot get sufficient to cover the whole value they can get such an amount that the private companies can write the balance, and thus make the risks entirely American. Accordingly, the difficulties about war insurance on American shipments occur when the vessels used do not have American registry but fly the flag of some other neutral country.

To meet these difficulties some underwriters urge that Congress authorize the Bureau of War Risk Insurance, which now may insure cargo regardless of ownership but only when shipped on

American vessels, to insure cargo owned by Americans when carried on any neutral vessel. It is said that if the law were amended in this way there would be no need to rely upon the facilities of foreign insurance companies for war risk insurance upon any shipment of American goods.

Western Advance Rate Case

MANY freight rates in the region roughly between Pittsburgh and Chicago have been increased as a result of the decision of the Interstate Commerce Commission made public on July 29. Toward the end of October railroads operating in the region west of Chicago filed with the Commission new tariffs which proposed to increase by varying amounts the freight rates on many commodities. In filing the new tariffs the railroads announced that they sought increased freight revenue in order to meet their financial necessities, and were following, as a precedent, the procedure of the Eastern roads in the Advance Rate Case. Against these new rates State commissions in Illinois, Iowa, South Dakota, Nebraska, and Kansas protested. At the same time, commercial organizations in a number of cities called the attention of the Commission to the proposed rates; among the cities represented in these protests were Milwaukee, Minneapolis, Omaha, St. Joseph, Kansas City, St. Louis, Memphis, Oklahoma City, and Denver. Before the new rates were to become effective the Commission suspended them.

The Commission has announced that February 15-18, at the Federal Building, in Chicago, the railroads would be heard in support of their general request for an advance in rates. On February 19-24 there will be hearings on increased rates of grain, flour, etc.; on February 25-27, live stock, meats, fertilizer, etc.; March 1-2, hay, etc.; on March 3-5, cotton piece goods; on March 6-9, coal and coke; on March 10, salt; March 11-12, fruits and vegetables; March 13, rice and rice products; March 15-18, evidence of protestants in rebuttal of the railroads' evidence in support of their general request for increased rates.

After this month of hearings has concluded, dates will be set for the filing of briefs and for oral arguments.

Five Per Cent Case

On December 16, the Interstate Commerce Commission gave permission to the railroads east of Pittsburgh and Buffalo to increase their freight rates by five per cent, thus supplementing the decision of July 29 which allowed a somewhat similar increase in freight rates in the region directly to the westward.

In rate-making the rates between New York and Chicago and between Montreal and Chicago are standards with which other rates to groups of destinations are arranged according to percentage. On January 8, the Interstate Commerce Commission in an elaborate order fixed the percentages which are to be used in putting into effect the five per cent increase.

Shipping Conditions and Reviving Trade

The following article reviews the effects of the war on accumulations of cotton and grain shipments; the revival of export trade and its relation to the shipping available for commercial purposes; increased freight rates and the difficulties which have to be faced by the ship owner as well as the shipper; with remarks on shipping conditions at home and abroad.

THE reopening of the New York Stock Exchange was only one indication of a general tendency on the part of business to accommodate itself to unusual conditions and approach a normal basis. Not only have movements in cotton revived, but a general glance at our exports shows that their aggregate value has attained very encouraging, and in some aspects, remarkable proportions. For example, the exports from New York to European ports in November, 1914, were about 50% greater than for the same month a year ago. This is particularly noteworthy and indicates a marked change in shipping conditions when the fact is considered that the aggregate value of these same exports in August last was 50% less than it was in August, 1913.

The European war had so many results, affecting all the arteries of trade, that the paralysis of business during the first weeks of hostilities was natural. The pressure of domestic conditions for a time distracted notice from the conditions in sea transportation. At first the latter were not abnormal. It is understood, steamship agents and companies have generally testified that the outbreak of the war found the over-seas trade in a slack condition, by no means unusual in the summer months. For the first few weeks this condition was aggravated by the complete lack of initiative on the part of shippers, owing to the extreme uncertainty existing in regard to the difficulties attending shipments abroad, particularly to belligerent countries. Consequently it was a matter of frequent occurrence for ships to clear from American ports for Europe, and even for South America, with only a portion of their cargo space filled. Such conditions were unprofitable for ship owners and a gradual tendency became evident for them to hold their ships for better prices and rates. Cargo space was therefore greatly reduced at the same time that shippers were gradually coming to realize the possibilities of increasing trade under war conditions. The gradual tightening of the grip of the British and French Navies on the control of the seas and the clearer definition of questions concerning contraband further restored confidence and encouraged American exporters to make a systematic effort to fill the exceptional demands which were being created by the exigencies of the European conflict. By that time, however, available cargo space was further restricted by the fact that German shipping had been eliminated by capture and detention in neutral ports, and even the available number of British vessels reduced by their being commandeered for service, with the British Navy.

Scarcity of Ships

The scarcity of ships under these conditions became more pressing in proportion as exporters recovered and began to display renewed activity. Reports from various shipping centers indicate that the demand for cargo space is now very active. It is not at all unusual, but on the contrary the general rule, that shippers must engage space anywhere from two to six weeks in advance of the proposed date of shipment. The aggregate value of our exports has reached at least nor-

mal proportions and probably exceeded them. At this time it is difficult to state conclusively whether the shortage of ships is due to an unusual demand or whether it is solely due to the elimination of all German and the withdrawal of some British bottoms, from the Trans-Atlantic and South American trade. The fact nevertheless remains that, at a time when every favorable transportation facility is needed, a lack of available ships has proved a matter of serious embarrassment.

Shipments Increasing

What is true in this respect regarding manufactures of all kinds and supplies of military equipments is also true with regard to movements of cotton and grain. The export of these two staples has always been a matter of prime importance and the difficulties at first encountered proved extremely serious. In August and the first part of September the export of cotton was practically at a standstill. Not only were means lacking to arrange purchases abroad but there was little facility for financing shipments in this country. When these matters were arranged it then developed that, owing to the sudden revival in many lines of export, there was a distinct scarcity of ships. The principal ports from which cotton shipments are made to Europe are the large Atlantic ports and New Orleans; Mobile, and Galveston in the Gulf. Relief appears to have come in sight some time in September and for the week ending September 23 nearly 40,000 bales were shipped, over 80% of them from Galveston. From that time to the first of the year has seen a steady rise and recovery until the week ending the day before Christmas, the total shipments of cotton exceeded 325,000 bales, more than eight times the total shipped the third week in September. Such figures as are available show that the tendency has been distributed through the various ports of shipment (with the possible exception of Philadelphia), namely Boston, New York, Philadelphia, Newport News, Norfolk, Charleston, Savannah, Mobile, New Orleans and Galveston,—the last regularly leading all the others. For example, the shipments from Galveston, which in the third week in September were about 32,000 bales, for the third week in December amounted to 132,000 bales. Shipments from Savannah which apparently were negligible the latter part of September amounted to nearly 125,000 bales for the week ending December 24. Shipments from Charleston and New Orleans, which in the latter part of September were practically negligible had risen by the end of December to over 9,000 and 43,000 bales a week respectively.

Relief for Cotton

A great relief to trade in cotton has been its final classification as noncontraband. A very significant development recently has thus been the exportation of cotton direct to Germany on a rather large scale and a number of cargoes have lately cleared from Southern ports direct for German ports. The result should be an increased freedom of movement which, together with heavier buying on English account as well as the re-

ported activity of the Japanese, will probably have the effect that actual exports will considerably exceed earlier estimates. In addition to the movements from the Gulf and Atlantic ports, shipments are reported almost daily to Japan from Pacific ports. Once facilities for shipment have been reestablished on a safe and sound basis, there is a general impression that requirements on the part of belligerent countries to equip their armies with khaki for the warmer weather of summer and spring will do much to further increase orders in this country.

Grain Shipments

When we turn to the movements of grain exports a different situation is encountered until December, at least, shipments of grain, apparently, have not kept pace with the increased shipments of cotton. This has been due to several causes, among them the prevalent lack of ships. As food stuffs are classed by the belligerents as conditional contraband, a certain amount of risk and some uncertainty also surrounds their transportation. The consequent accumulation at shipping ports has taxed the elevators and other storage facilities to the utmost. In fact, in September it is understood that Galveston was glutted with grain shipments to such an extent that the railroads practically put an embargo on shipments to that port. This condition prevailed, to some extent, up to the middle of December, and although it had been modified by the fact that, whereas on September 1, 5,500,000 bushels were reported as held by the railways on lines or terminals, these figures had been reduced on December 15 to less than 4,000,000 bushels. Something of the same condition appears to have existed at New Orleans. In the latter port there have been considerable fluctuations in the amount of grain held by the railroads varying from 250,000 bushels to 3,500,000 bushels. As a matter of fact, the amount of grain for both these ports held by railroads has pretty nearly equalled that held in elevators at the ports themselves.

The principal trans-Atlantic shipments of grain appear to have been made from Boston, New York, Baltimore, Norfolk, Newport News, New Orleans and Galveston. Shipments from Mobile have apparently been of little importance owing to the fact that the elevator at that port was out of commission for an extended period. In the case of grain as in that of cotton, the larger shipments have generally been made from Galveston, with New York second. The amount held in elevators at Boston, New York, Philadelphia and Baltimore showed more or less tendency to increase between September 1 and December 15. The same may be said of New Orleans in a less degree. So far as it can be ascertained, it would appear that Galveston has been able to reduce the amount of grain held in elevators as well as the shipments of grain destined for it which have been held by railroads.

Figures Show Increase

A general review of the conditions of grain exportation from the ports referred to above would seem to indicate that up to a few weeks ago shipments had shown some tendency to decrease,

whereas, the amounts received at the several ports by rail or vessels indicated a tendency to increase. This is borne out by the fact that the net result in the grain situation, from September 1 to December 15, has been that the accumulations of grain stored in elevators or held on railroad lines rose from 19,000,000 bushels to practically 32,000,000 bushels—an increase of nearly 65%. Bare statistics are frequently misleading but it is also interesting to note that the aggregate shipments of grain which were sent abroad on September 1 and October 1, appear to have been 1,200,000 bushels and 2,400,000 bushels respectively, whereas, on December 1 and December 15 they appear to have been about 1,000,000 bushels and 1,170,000 bushels respectively. More recent reports would seem to show a freer movement of grain shipments. Although the amount still held by the railroads, owing to lack of storage facilities at ports of shipment, maintains a formidable figure, nevertheless the demand for grain continues insistent and the present exceptional price of wheat reflects a condition which may be largely if not entirely ascribed to the war. Excellent crops have come at a fortunate time but their export and transportation to foreign markets still constitutes an urgent problem. The solution can be spelled in a single word, "ships." How the necessary bottoms can be found is a difficult question. Moreover, any plan proposed must not be so shortsighted as to leave out of account the return of the full number of German and British vessels when peaceful commerce is restored.

The effects of difficulties of transportation have quite naturally extended beyond the actual figures for the amount of goods exported since the war began. It has been indicated that the aggregate exports from New York have shown a tendency to exceed those of the same period for last year. On the other hand, practically all shipments have been made in the face of a marked rise in freight rates ranging from 10 to 100 and even 300 per cent. Some indication of this has already been given. The continued movement of exports has therefore seemed to have obeyed the law of supply and demand, for the difficulties and expenses of shipment have been accompanied by a rise in the prices paid by purchasers of a large number of American goods. The notable example quoted is based on the statement that cotton at a German port is valued at about 20c a pound against 8c a pound in this country. The difference leaves a considerable margin for profit on the part of the shipper over and above expenses. Other interesting effects may be noted in the report that American millers last September began almost exclusively to use cotton packages. This is due not only to lower cost, but also to a desire to help the cotton situation which so noticeably affected the flour trade by creating a financial stringency in the South. It is reported that Holland importers have been considerably aroused over the manner in which the Holland Government has assumed control of the flour trade. This came about through the restrictions agreed upon by Great Britain and Holland as to trade direct to mill connections. The Holland Government even went so far

(Continued on page 10)

Merchant Marine For Over-Seas Trade

In 1861, when American exports were expressed in millions (\$250,000,000) and the national wealth was sixteen billion dollars, American vessels with a tonnage of 2,496,000 engaged in foreign trade. In 1914, when American exports were expressed in billions (\$2,364,000,000) and the national wealth had mounted to two hundred fifty billion dollars, the tonnage of American vessels in foreign trade was 1,066,000. The pending ship-purchase bill is advocated by the Administration as a means of increasing facilities for shipments abroad under the American flag and is outlined in the following article

THE biggest question affecting business before the present session of Congress—an American Merchant Marine—continues to hold the center of the stage at Washington. With the debate waxing warmer, as the time for adjournment draws near, it has been intimated that there may even be a special session if Congress does not pass the ship purchase bill.

President Wilson has made perfectly clear his advocacy of this bill and the reasons upon which it is based. What he has had to say on the subject both in his message to Congress and in his Indianapolis speech have added zest to the deliberations.

MADE UNFINISHED BUSINESS

By a vote of 46 to 29 the Senate had previously made the bill the unfinished business, to be supplanted only by appropriation bills. This action, on motion of Senator Fletcher of Florida, acting chairman of the commerce committee, precipitated strong opposition. Charging that an effort was being made to rush the proposed legislation with undue haste, senators opposed to the bill served notice that the measure would be fought. Minority members of the commerce committee filed a report, written by Senator Burton, of Ohio, asserting that the plan proposed would not relieve shipping conditions because it would be impossible for the government to get ships enough to do any good. It pointed also to dangers of international complications arising, declaring that "every craft set afloat by the government would add one more risk of our being drawn into the present war."

Senator Fletcher, who has charge of the bill, urged the measure in a long speech. "He declared that the war had produced a 'ship famine,' and that the interests of all the people in the United States demanded that the government take immediate action to supply ships to carry American products demanded in the markets of Europe and South America."

EMERGENCY BILL NOT EFFECTIVE

When the war began, Senator Fletcher declared, England had 5,000 and Germany 2,000 vessels in the overseas trade, while the United States had only six. He added that American merchants gave annually to foreign ship owners \$300,000,000 in ocean freights. Charter rates here had increased in some cases 400 per cent since the war began, he added, and ships under the American flag were not obtainable at any price.

The emergency bill opening American registry to foreign-built craft, Senator Fletcher said, had not met the needs of American manufacturers. He read lists of the 105 ships which transferred their flags to show that none was a first-class cargo boat; that over 50 per cent of these were ships of companies which needed them for their own business, and consequently added nothing to the facilities for the transportation of general cargoes.

"We must see to it," he declared, "that a war between other countries shall never again cripple our industries for lack of ships."

THE SHIP PURCHASE BILL

ORGANIZATION:—A private shipping corporation with a capital stock of \$10,000,000, fifty-one per cent to be subscribed by the Government and remainder offered to public subscription.

OBJECT:—To acquire and operate, or lease to others to operate, merchant vessels to meet the requirements of the foreign commerce of the United States anywhere.

CONTROL:—By Shipping Board consisting of the Secretary of the Treasury, the Postmaster General and the Secretary of Commerce, to have voting power on the Government stock and general supervision over shipping corporation.

RESTRICTIONS:—The corporation may operate its vessels only in trade with foreign countries or with the Philippine Islands, the Hawaiian Islands or Guam and Tutuila.

GOVERNMENT PURCHASE:—The Federal Government itself is authorized to purchase or construct merchant vessels, using not to exceed \$30,000,000 derived from sale of Panama Canal bonds and transferring the vessels to the shipping corporation in return for the corporation's 4% first-mortgage gold bonds. These bonds may be sold by the United States in order to reimburse itself for expenditures in buying and constructing vessels for the shipping corporation.

TYPE OF SHIP:—Ships, as far as commercial requirements permit, to be of type suitable for use as auxiliaries of United States Navy.

AUXILIARIES:—Authorization of transfer of ships of Panama Railroad Company to the new corporation is authorized and also any vessels belonging to War or Naval Establishments, suitable for commercial purposes and not required by Army and Navy in times of peace.

Upon notification, President may take for use as naval auxiliaries any vessels in possession of corporation, reasonable compensation being given. In case of emergency he may take possession without notice.

BEGINNING OF BUSINESS:—As soon as 51 per cent of stock is subscribed and paid for by the United States Government.

STATUS OF BILL:—In Senate, bill has been made unfinished business to take precedence over all but appropriation bills.

In House, bill has been reported out by Committee on Merchant Marine and Fisheries.

GROUND'S FOR OPPOSITION

In the minority report, the government ownership feature of the bill was discussed at length and objections to such a policy were enumerated as follows:

"Subtraction from the field of personal endeavor, destruction of individual initiative and motive for effort, the constant tendency to maximum costs, multiplication of government employees and officials, increased opportunity for corruption, labor problems, administrative and executive inefficiency, restriction of the motive to invent and improve facilities of service, etc.; and in general it may be said that industries reach their highest perfection and greatest efficiency when allowed to develop in the free play of economic forces."

Senator Root in debate declared no measure of equal consequence had been brought before Congress in many years. It was proposed, he said, to put the government into foreign trade at a time of extreme danger. The result must be, he insisted, to place in question the good faith of the United States itself in carrying goods to belligerents.

Secretary McAdoo has made the Shipping Bill the theme of an address before the Commercial Club of Chicago.

He declared the bill offers the only solution of the problem of how to build up an adequate American merchant marine. It promises, he said, to overcome many of the obstacles that the European war has thrust in the path of American trade expansion and to help prosperity. The creation of an American merchant marine, Mr. McAdoo argues, is not a partisan question, but a policy which has received the indorsement of both parties for 35 years.

"So long as England commands the sea, our commerce will not be stopped. But who can foretell the eventualities of a great war?" Mr. McAdoo went on. "It is conceivable that a daring German squadron might get into the Atlantic and play havoc with our commerce in British bottoms. No one can tell how long the war will last and every day that it continues, our foreign trade is subject to its vicissitudes and dangers. Is it fair to our producers, our merchants and our manufacturers to force such risks upon them? Are we justified in putting the prosperity of our country in needless jeopardy? Aside from this, our trade with some of the belligerent countries is practically destroyed for lack of American ships to carry non-contraband articles to them and to bring

back non-contraband articles to us—articles sorely needed in the pursuits of peaceful industry and science. Notably is this true of cotton, which is urgently needed in Germany, Austria and other countries. But we haven't the American ships."

"The wants of these countries cannot, therefore, be supplied nor can the necessities of our own distressed people in the South be relieved. Neutral flags cannot be depended upon for this service. They cannot get the necessary war risk insurance. While Congress has established a war risk insurance bureau in the Treasury Department, we cannot, of course, insure ships not under the American flag."

"But this is not all. The withdrawal of the large amount of tonnage—13 per cent of the world's total supply—has created a great scarcity of vessels with an unprecedented rise in ocean freight rates. From every Atlantic and Gulf port there comes the cry of scarcity of ships and exorbitant rates."

"So long as this war continues, these unfavorable conditions will not only continue but grow worse unless something is done. Who can say how long the war will last? Who can forecast accurately its effects and results? Is it reasonable, is it safe, is it right, to remain idle any longer, or to trust any further in the happening of some benevolent thing, through private agencies, that will secure and protect our foreign trade?"

OPPORTUNITY CREATED BY WAR

"Not only has the war emphasized the imperative necessity for the quick creation of an American Merchant Marine, but it has created an exceptional opportunity for the extension of our trade in the open markets of the world. This is notably the case with South America. The commercial and financial relations of our friendly and growing Southern neighbors have been seriously affected by the war. They are seeking, necessarily, new accommodations—new adjustments. Where can they find them so readily and advantageously as in our great country? And where will they be more welcome?"

Mr. McAdoo here quoted from the speech of the Ambassador from Argentina, Doctor Naon, before the Commercial Club of Boston, a paragraph of which follows:

"One of the most sorrowful consequences of the war for us, aside from the sentiment and affection intensified by the close ties which bind us with the countries at war, has been the almost complete paralysis of European importation, a paralysis which offers to the American market an unsurpassed opportunity for increasing to enormous proportions its commercial field, by supplying the needs which the European industry has ceased to provide for."

IMMEDIATE NECESSITY

"How can we expect our enterprising men to make large capital outlays to produce the particular goods required for the South American trade, or any special trade, and to enter upon an active campaign to get their share of the business, unless they have the

certainty of transportation, at reasonable rates, for a sufficient length of time to establish the trade upon a firm and profitable basis?" Secretary McAdoo continued. "We must stand back of them through governmental action, if we want them to succeed. We must develop South American and other foreign trade relations through the fundamental of sufficient transportation of the right sort, just as we developed the great West in the sixties by building, with governmental aid, the transcontinental railways, thereby adding an empire of territory and wealth to our national resources. I merely repeat a platitudinous axiom when I say that trade follows transportation. American trade in foreign markets will follow transportation under the American flag and thrive as it never did before. The markets of the world are before us—the Orient, as well as South America. Enterprise and courage are needed to secure them."

"But we must act immediately. We must not waste time in useless talk. The insistent knock of opportunity must not go unheeded. We need the ships as quickly as men and money can provide them. If we could put a substantial number of American ships in the transatlantic service today, it would immediately result in reducing the present extortionate rates to a more reasonable basis, as well as provide facilities not now procurable at any price."

"The only practicable suggestion that has yet been made is the Shipping Bill now pending in the Congress of the United States," the Secretary of the Treasury concluded. "This measure provides for direct government action. It means business; it means prompt and effective work; it means the beginning of a merchant marine which will meet the present emergency and give prompt relief to our distressed foreign commerce; it means the upbuilding of a permanent merchant marine under our flag that will establish our commerce securely in the open markets of the world; it means the creation of a naval auxiliary which is absolutely indispensable if our navy is to be an effective instrument for the national defense."

OPPOSED AS SUBSIDY

On the day following Mr. McAdoo's address, Senator Vardaman, a Democratic member on the Committee on Commerce, was quoted as saying:

"I am opposed to this bill because I believe it is the most indefensible form of subsidy yet proposed. It is one of those peculiarly dishonest measures which will 'keep the word of promise to the ear and break it to the hope.' The scheme, as interpreted by the President, is a mistake in policy, wrong in morals, pernicious in principle, and, therefore, will be disappointing in its ultimate results."

"It is a dangerous departure, an innovation upon our time-honored system, and violative of the spirit of our government. I am in favor of an American merchant marine. I shall vote for such measures as may be necessary to put our ships on the dead level of opportunity with the ships of all other countries that come into our ports. If we shall by law, which we have a right to do, improve the standard of living for the sailors, we will at the same time elevate the standard of character and manhood of the men who operate the ships."

"Our merchant marine must be built up by the free exercise and operation of economic laws and sound business principles. The government of the United States has the power to put the forces in motion which will build up a prosperous and adequate merchant

marine. I am opposed to the hot-house method of economics in governmental matters. I do not think it is fair to take money from the pocket of the wealth producers of this country and donate it to the owners of ships. Such a policy cannot be justified by any other rule than that of the rule of might. It cannot be defended upon any other theory than that might is right. The contention that the ships bought under the terms of this bill will facilitate the transportation of cotton grown in the South to the foreign markets is not the proper spissitude to fool anybody."

"There is not scarcity of ships. If the seas shall be rid of the mines, and the obstacles brought about by the war shall be removed, there are plenty of ships to carry all our products to the foreign markets. The suggestion that the government of the United States will send its ships to places where privately owned ships flying the American flag will not go, is absurd. As a matter of fact, government owned ships will be more careful to avoid every possible complication with the belligerent powers of Europe than will ships owned by private individuals."

LOSS TO GOVERNMENT

"But there is one thing that would happen, I am quite sure. A lot of unprofitable property in ships that are floating idly in the ports of this country in order to hide from the gunboats of hostile nations would be unloaded upon the government of the United States at a good profit. And I am sure that after the war is over, and especially after the people of the United States shall have had an opportunity to pass judgment upon this proposed bill that these same ships will be resold to private owners, and the American people will pocket a loss of \$75,000,000 to \$100,000,000."

BOSTON CHAMBER PROTESTS

The Board of Directors of the Boston Chamber of Commerce at their annual meeting on January 14 unanimously adopted a report of the Chamber's special committee on Merchant Marine, in which it was recommended that the Chamber oppose the bills now pending in both Houses of Congress. The report summarizes the various objectionable points in the bills as follows:

"The committee on merchant marine, of the Boston Chamber of Commerce, therefore, disapproves the bills pending in both Houses of Congress (H. R. 18666 and S. 6836) for Government ownership and operation of vessels in the foreign trade for the following reasons:

(a) It is a sound principle that the Federal Government should not engage in a business which under suitable conditions can be conducted to equal or better advantage by private enterprise.

(b) Such an undertaking would be an unwelcome departure from the traditional policy of the American people, would involve a wasteful expenditure of public money, and would imperil our neutral position in the great European war.

(c) No personal emergency justifies the Government in embarking in the ocean shipping business; increased governmental facilities for marine insurance will largely solve the immediate problem of the cotton trade; Government ownership could not immediately add to the number of ships afloat upon the seas; and wherever there is a real need for vessels they can be as easily supplied by other means without resorting to the unsound and hazardous experiment.

(d) The proposed legislation would discourage private capital and personal initiative, and thereby indefinitely defer the development of an American ocean shipping industry, so vital to the commercial progress of Boston, of New England, and of the whole United States.

As an improvement the following suggestions are made by the committee:

1. The establishment in the Department of Commerce of a shipping board of five members, after the example of the British Board of Trade and similar organizations of other maritime Governments, such a shipping board to be composed of the Commissioner of Navigation, a representative of the shipowners' interests, of the shipbuilding interests, and of the shippers of waterborne trade, and an expert in marine insurance; this board to have general supervision of the American merchant marine.

2. A prompt revision and modernizing of our navigation laws and regulations, so far as they unnecessarily increase the cost of operating American ships as against foreign vessels.

3. An amendment of the ocean mail law of 1891, so that the compensation now paid to 20-knot ships to Europe can be paid to ships of less speed, of the second class, suitable to establish regular mail, passenger, and fast-freight service in naval reserve ships on the longer routes to South America, Australasia, and the Orient.

4. In place of an investment of \$20,000,000 in Government ownership and operation a Federal fund of the same amount, to be administered by mortgages examined and approved by the board or for careful loans upon shipping built or purchased for over-sea trade and fitted for auxiliary naval service.

The sum of \$20,000,000 devoted to ownership and operation of a Government-owned fleet would produce only a relatively small fleet; but a proper use of a Government fund in the manner indicated would provide a large one, of far greater value to the commerce of the Nation.

5. Annual retainers of a proper amount to citizen officers and men of merchant vessels of the United States, after the practice that has proved so successful, particularly in the British merchant marine, and special compensation to steamships not under contract for carrying mails but built on designs approved by the Navy Department and pledged to the service of the Government as fuel ships, or transports, so that the Government may be able to control an adequate American auxiliary fleet and a naval reserve of officers and men in time of need.

6. To meet a present condition, an extension of the powers of the existing Bureau of War Risk Insurance to cover with the understanding that this bureau of marine insurance on hulls and cargoes, shall be discontinued when the war has ended.

RESOLUTIONS FROM NEW ORLEANS

Resolutions were also adopted by the New Orleans Association of Commerce and the Board of Trade protesting against the proposed legislation.

"We do not believe it would be a business proposition for the Government to engage in the steamship business, as in our judgment, it would prove an expensive failure, and we seriously doubt if, after the Government had taken 51% of the Capital Stock of a corporation organized for the purpose of taking advantage of this Bill, individuals would take the other 49%. It is a well-known fact that the operation of the Panama Railroad steamers from New York has proven an expensive undertaking for the Government, notwithstanding they were in a better position to provide these ships with tonnage and passengers than any private corporation."

"In conclusion, we consider it ill-advised legislation, and believe that the proposed Bill should be withdrawn from the Calendar of Congress, and that the attention of the Merchant Marine Committee be more directed to such revision of our obsolete Navigation Laws as will bring them in line with the laws of Great Britain, France, and Germany, which, when done, will,

we believe, relieve the situation and restore the American Merchant Marine to the seas, through the means of private capital."

The arguments which have been reviewed indicate the wide divergence of opinion among the supporters and opponents of the pending legislation in Congress. It is evident that a radical departure is proposed by the Government in regard to ocean transportation. However, in view of the fact that in sixty odd years the tonnage of American vessels engaged in foreign trade has decreased by almost 150% at the same time that our exports have increased practically ten times, it would seem that there is a real demand for vessels to carry our vast exports in American bottoms under the protection of the American flag.

The American merchant marine in foreign trade reached its greatest development in 1861, under a national policy adopted in 1789 which limited American registry strictly to American built vessels. The gradual elimination of the American flag from the foreign trade has been explained in many ways but there is little doubt that when iron and steel replaced wood in shipbuilding, the policy of 1789 became disadvantageous. In the last sixty years repeated efforts have been made for the adoption of acceptable means to re-instate the American merchant marine in foreign trade. The Ocean Mail act of 1891, providing exceptional rates of payment to vessels carrying the mails under contract with the government, had this end clearly in view. In 1902 when a bill for direct subsidy passed the Senate, construction of seventeen vessels aggregating 186,000 tons was at once begun with the idea of placing them in the foreign trade. The bill, however, failed of enactment into law with the result that some of these vessels when completed were transferred to foreign flags. For some years the carrying capacity of vessels representing American capital but sailing under foreign flags has been greater than the capacity of American vessels in the foreign trade. In order to attract some of these American owned vessels to American registry Congress in 1912 made provision for the transfer of foreign vessels provided the transfer was effected within five years from the time they were built. This measure may be regarded as a failure because no advantage of it was taken. Upon the outbreak of war last August the serious situation regarding ocean transportation again attracted the attention of Congress with the result that authority was given for the transfer of American owned vessels flying the foreign flag regardless of how old they were and further gave the President power to suspend in their favor some of the navigation laws, particularly the requirement for American ships to be officered by American citizens. This latter measure has been attended with some success. On January 16, 1915, 112 vessels with an aggregate tonnage of 402,000 tons had been added under this law to the American merchant marine in the foreign trade, but very few of these vessels are available for general shipment on new routes. The ship purchase bill is designed by its supporters to present a further solution of the problem.

The opposition of the bill in Congress promises to be in part a filibuster and in part an effort to make a stronger bill. With the end of January close at hand and only a few more weeks left for legislation, it is obvious that there is no certainty the ship purchase bill will be enacted. And it is this latter contingency, and the known attitude of the President, which brings the talk of another extra session.

Shipping Conditions

(Continued from page 7)

as to send Government representatives to America to promote purchases. This too created a good deal of indignation among Holland importers. While there are some encouraging features in the shipping outlook they can very easily be nullified if export trade shows a rapidly increasing development. A number of British ships will probably be returned to commercial service by the British Admiralty which will afford increased cargo space available for export. On the other hand, not only may the volume of exports increase more rapidly than the additional cargo space thus made available, but it is apparently decided that Great Britain will in the spring transport any where from one to two million troops for service on the continent. If this is done, the demand for British commercial vessels to be used in transport service should far exceed anything hitherto experienced. Apparently there will then be fewer British ships than ever available for the accommodation of American exporters.

Port Difficulties

No review of trade and shipping conditions produced by the war would be complete without mention of the difficulties experienced in foreign ports. The principal port of entry in Great Britain is now London, as indeed it has always been. Congestion in the port is now generally reported to be very serious. Several causes for this may be cited. Much of the trade in the Indian Ocean was paralyzed during the meteoric career of the "Emden." The sinking of that cruiser has resulted in a large number of ships from India and other eastern ports arriving at London almost simultaneously instead of at considerable intervals. A further difficulty is experienced in the lack of labor; this reported at almost all foreign ports of importance. Finally barges for lighterage have been commandeered by the Government for various services. The result is a complete standstill. Unloading has become a matter of weeks in many cases where it used to take days. Similar conditions are reported at Genoa, Gothenburg and other ports. All these impediments are further aggravated by the consequent increase of expenses. Not only do the shippers have to pay wages and upkeep during the extended time in port but it is generally understood that the price of labor, docking and unloading have been increased very much over normal times. At the end of it all there are frequent difficulties in getting coal supplies for the return voyage. The rise in freight rates, in fact if not in degree, is therefore clearly explicable and the shipper and shipowner must now go hand in hand.

An enumeration of the embarrassments now attending foreign trade need not necessarily be discouraging and the activity of our exports distinctly affords much relief. At the same time the matter of ships continues pressing. Necessity is the mother of invention, as well as knowing no law, and some solution of the problem is no doubt at hand. Nevertheless the general situation is urgent and the developments of the future by no means clear. Additional point and interest is therefore given to the Administration's proposal for the Government purchase of ships, which is now before Congress. It carries far-reaching consequences. At the same time the question at issue is a momentous one which deserves and requires grave consideration and the adoption of measures which will stand the test of abnormal as well as normal conditions.

Dye-Making in England

Germany has been the chief source for supplies of dyes for England as well as the United States. England has manufactured only about eight per cent of the dyes its factories have used, and must now supply most of the balance itself. The imports from Germany have amounted annually to \$10,000,000

At the beginning of the war England had a public debt of three and a half billion dollars. The British Government has since spent for military purposes almost \$900,000,000, advanced to British dominions and allies about \$240,000,000, and undertaken other obligations, such as a guarantee of \$25,000,000 of Egypt's cotton loan. In addition, the British Government has extended financial aid in commerce and is now proposing to support the manufacture of dyes in England.

In aiding British commerce and industry the British Government, largely through its Board of Trade, which roughly corresponds to our Department of Commerce, has been active since the war opened in the summer. To a great extent the Board of Trade has acted in cooperation with the Associated Chambers of Commerce.

RELIEF OF BRITISH TRADERS

In connection with bills of exchange in the hands of British merchants doing a foreign business the Government in August and September arranged facilities for discount and provided for advances in order that English merchants who had made acceptances with the understanding that their clients abroad would remit funds might meet their obligations. Acting under these arrangements the Bank of England to the end of November had transactions to half a billion dollars.

More recently a plan has been arranged, with the Government in the background, for advances to be made by banks to merchants who cannot on account of the war collect accounts abroad. And finally, in order to prepare the way for the opening of the stock exchange the Government, in a scheme for dealing with stock exchange loans, stood ready to make advances to the extent of \$50,000,000.

WAR RISK INSURANCE

Early in the war the Government took over a part of the business of war risk insurance, thus at once assisting British commerce by sea and relieving the private insurance companies. The rates charged by the Government have steadily declined, in December, after a naval victory off the coast of South America, being placed at 1½%.

PURCHASE OF SUGAR

The importation and sale of sugar was made a practical Government monopoly. Through a Royal Commission the Government purchased a quantity of sugar sufficient to supply the needs of the United Kingdom for months in the future. The prices at which this sugar is sold are controlled by the Government. The sum of money invested by the Government in sugar has not been made public, but it necessarily runs far into the millions of dollars, as the population is in the neighborhood of 47,000,000.

DYESTUFFS IN ENGLAND

In England, as in the United States, dyestuffs are essential to the continuance of great textile industries. English authorities have estimated that, using dyes imported from Germany costing \$10,000,000 a year, British manufacturers employed 1,500,000 persons and produced goods valued at \$1,000,000,000. In recent years Eng-

land has made only about 8 per cent of the dyes its factories have used.

Until fifty years ago natural dyes were used,—indigo and madder particularly. Madder was grown in France and Holland, and yielded reds,—especially the well-known Turkey red,—violets, purples, browns, and blacks. After coal-tar had been known for the greater part of 200 years, having been obtained by a German chemist, an English chemist in 1856 made it commercially possible to use this substance as a raw material for artificial dyes. His violet shades were first used by silk manufacturers in London. For a time France became prominent in making dyes from coal tar, but was soon succeeded by Germany, which ever since has maintained its leadership. England at the same time, in distilling coal for gas, has made about 1,000,000 tons of coal tar a year, selling its surplus to Germany.

PRODUCTS OF COAL TAR

From this amount of coal tar British authorities now estimate that products worth \$35,000,000 are derived,—including dyes, perfumes, flavors, medicines, illuminating and lubricating oils, developers used in photography, asphalt for pavements, and very powerful explosives.

THE GOVERNMENT INTEREST

In the early autumn there was much discussion of the necessities of artificial dyes for British industries. The Board of Trade took up the matter through a committee. There were many lectures by authorities who are familiar with the making of modern dyes. Representatives of commercial organizations, and of manufacturers who use dyes conferred with officials. As a result of wide-spread discussion and consideration of all British interests a plan is now completed in all details. Preliminary inquiries concerning the extent of the support English users of synthetic colors will give were closed on January 11.

THE ACCEPTED PLAN

A corporation is to be formed, "British Dyes, Limited," with a capital of \$15,000,000 divided into shares of \$5. (The values are of course in pounds Sterling, for which a value of \$5 to the pound is here taken as a rough approximation.) Users of dyes are asked to subscribe to stock at least to the amount of dyes they use in a year, paying in about \$1.85 a share by July 1, 1915, and being subject to call for the balance by instalments of 60 cents a share at intervals of not less than six months. The users of colors will also undertake, in all cases where the company can provide good qualities at reasonable prices, to take their supplies from the company for a period of five years after peace is established, or five years after their existing contracts expire. If a consumer thinks the prices are not reasonable he can have the question determined before a referee chosen by the president of the Associated Chambers of Commerce. The company at all times is to remain British. Two directors appointed by the Government are to see that no preferences are given to particular consumers, etc.

THE GOVERNMENT'S PARTICIPATION

As soon as the capital has been subscribed, the Government will lend to

the company \$7,500,000, at 4 per cent for 25 years, lending \$7,500,000 more on July 1. The interest on this loan, and contributions to a sinking fund to meet it, are to be payable only out of net profits, but are to be cumulative. Furthermore, the Government is to see that the company gets free of tax the alcohol it needs, and obtains licenses from the Board of Trade, under an English law of 1914, to use English patents held by Germans.

EXISTING PLANT

Without waiting for the formal organization of "British Dyes, Limited," the Government in December made arrangements for an English company, established in the manufacture of dyes since 1890,—Read, Holliday and Sons, Limited,—to dispose of its plant to the new company. The plant is now being enlarged to such an extent that it will cover 15 acres additional, and the erection of new buildings is in the hands of three contractors who in every way possible are expediting construction. With a principal plant at Huddersfield, Read, Holliday and Sons have branches in Bradford, Manchester, Glasgow, and Belfast, and offices in New York, Boston, Philadelphia, Toronto, Sydney, and Japan. They had an office also in Leipzig. This company has been paying dividends of 10 per cent, whereas German companies have paid as much as 33 per cent.

GERMAN COLORS IN GOODS

In December the British Board of Trade assured an English merchant that he need not hesitate to buy textiles woven in Holland even though in their dyeing German colors were used. In England this statement has been taken as applicable to goods woven and colored in any neutral country.

Foreign Service

(Continued from page 4)

other within a grade will be at the discretion of the President, instead of requiring consent of the Senate with attendant delay. No officer can be assigned for duty at the State Department for more than four years. There will be five grades of secretaries with salaries ranging from \$1,200 to \$3,000, five grades of consuls general with salaries ranging from \$4,500 to \$12,000, and nine grades of consuls with salaries from \$2,000 to \$8,000.

At the present time the only compensation a vice consul receives is an amount deducted from the salary of his chief or such compensation as he may receive from a clerkship in the office. The idea in the present bill is to do away with the superfluous titles of "Deputy Consul" and "Deputy Consul General." Instead of the latter, there would be one officer substituted, known as the "Vice Consul." A final feature of the bill is that it would tend to prohibit any diplomatic officer from engaging in business while holding a public position. For a number of years the statutes have provided that the principal consular officers may not engage in business or practice law abroad, and it is deemed advisable to apply to diplomatic officers similar prohibitions.

The "Buy It Now" Campaign

By C. C. Rosewater

A movement of interest which has gained considerable headway, particularly in the Central West, with the laudable purpose of relieving present depressed business and industrial conditions, which was favorably commented on by President Wilson in his Indianapolis speech, is explained by the Chairman of the Governing Committee of the Omaha Commercial Club.

THE feeling is very general that there are now no real obstacles in the way of the resumption of active business in this country. Everybody knows, too, that the way to resume business is to resume. That, however, is easy to say, but difficult to accomplish. The question resolves itself to, how can the wheels be set in motion.

The opinion of one group, the Agricultural Publishers' Association, the publishers of the farm publications of the United States is, that the farmer, who is just disposing of the biggest and highest priced crop ever raised in this country, is the key to the situation. They have consequently started the "Buy-It-Now" campaign.

This campaign, unique in character, has attracted the attention of the leading industries of the United States and has been accorded the most favorable attention by the highest officials of the Government.

The fact that President Wilson in his Indianapolis address, referred in no uncertain way to the "Buy-It-Now" campaign and gave his unequivocal endorsement of the propaganda is a tribute to its soundness. Supplementing this splendid endorsement, many of the Governors of the farming states have added their approval, which they have strengthened by a general appeal to the people of their states to respond.

The campaign has met with spontaneous approval. Business interests of every description have taken up the campaign. The railroads of the United States have entered into the spirit of it, not only by assisting in making the campaign known throughout the country, but also by placing large orders for equipment and supplies; Publishers organizations, Commercial Clubs, Ad Clubs, in truth every sort of public organization has pledged its active cooperation which has had the campaign called to its attention. In spreading the appeal to "Buy-It-Now," practically every agency in the United States, with publicity avenues at its disposal, is assisting in preaching the gospel of "Buy-It-Now."

Evolution of Campaign

The campaign, when originally launched, had for its purpose the appeal to farmers, who today are more prosperous than ever in their history, to buy now those things which they must of necessity buy during the spring months. That the farmers of the United States are the most prosperous people today is generally admitted in the face of the statistics recently published by the United States Government which state that the value of all

crops was eighty-three million dollars in excess of that of last year.

Recognizing that with this condition prevailing, which included the higher price for all crops, that the farmer of the country was in better financial condition than other captains of industry, general business throughout the country, needing only some stimulus to set the wheels in motion, the farm papers conceived and inaugurated the Buy-It-Now campaign, with the idea of directing the appeal to the farmers only.

No sooner, however, was the campaign broached, than it was seen that a campaign of such far-reaching benefits, should it be favorably received, should be directed to all of the people of the United States. The suggestion was accepted by the Committee in charge of the farm papers' campaign, and plans were immediately placed under headway to make it general, with the daily and weekly press of the United States carrying the gospel to those who would not be reached by the farmers' papers of the country.

Aid to Industries

The argument of the Buy-It-Now campaign was to buy those things actually needed; factories throughout the country, now idle or working on part time, would be permitted to run full time and that as a consequence, many men now out of employment, would be given work and enabled to provide the necessities for their families who are actually dependent upon the various communities of the United States. As a result of such buying, millions of dollars will be placed into immediate circulation, which otherwise will lie idle for many months.

It is generally recognized that the tendency of the American people, as well as of other countries, is to delay buying as long as possible and then to defer payment as long as permitted. Such tactics should be discouraged or rather the opposite should prevail. In making the Buy-It-Now appeal, the committee insisted upon two facts, supplementing the Buy-It-Now: Not to buy things not necessary. Not to buy indiscriminately. With this triple appeal, the campaign was launched from Omaha through the Associated Press, the metropolitan dailies enthusiastically supporting it editorially and through their news columns. The weekly press of Nebraska took up the campaign at the same time and later the weekly press of other states are being added to the forces at work. The agricultural papers have begun their course in suggestion through their news and editorial columns.

Response Gratifying

The response was general, but especially have the papers of the Missouri River Valley states subscribed the sentiment, Buy-It-Now. Though from the north to the south and from the east to the west, the appeal Buy-It-Now was general, there were certain sections where the campaign has been waged more intensively than in other sections.

In the middle west, Omaha, Des Moines, Kansas City, Topeka, Minne-

apolis and St. Paul and Chicago, became especially active. On the other side of the Mississippi River, Indianapolis became the center, chiefly because of the intenseness of the campaign there. The Associated Ad Clubs took it up from this point and have been unceasing in their efforts to carry the story to the merchants and manufacturers of the United States.

Endorsed by President

It was in Indianapolis that President Woodrow Wilson gave his public endorsement of the campaign, when in the course of his speech he said:

"I have been talking with the business men recently about the present state of mind of American business. There is nothing the matter with American business except a state of mind.

"I understand that your Chamber of Commerce in Indianapolis is working now upon the motto 'If you are going to buy it, buy it now.' That is a perfectly safe maxim to act upon. It is just as safe to buy it now as it ever will be and, if you start buying, there will be no end to it and you will be a seller as well as a buyer.

"I am just as sure of that as I can be because I have taken counsel with men who know. I never was in business and therefore I have none of the prejudice of business. But I have looked on and tried to see what the interests of the country were in business and I have taken counsel with men who did know and their counsel is uniform that all that is needed in America now is to believe in the future."

Governors Enthusiastic

Right on the heels of President Wilson's endorsement came the most enthusiastic endorsement from the various Governors, and Governor Capper of Kansas directed his appeal to the people of the central west, which, thanks to bounteous crops, is the most fortunate section of the United States today. Centered around Omaha, where the campaign was launched, and where the appeal is made to these fortunates to share their prosperity with the people of other parts of the United States, are millions of acres which groaned under the crops during the year just closed. Governor Capper said:

"The people of the central west who have been blessed with abundant crops for which they are receiving big prices, have no conception of the business depression and real distress existing in the East. Every dollar wisely spent now tends to enliven business, to start the wheels of idle factories, to give employment to idle men and to feed the hungry. The farmer can not only buy now to better advantage than later, but he can perform a patriotic duty by paying every indebtedness promptly and by purchasing his spring supplies at the earliest possible moment, 'Buy-It-Now.'"

As another example, from Minnesota went the endorsement of Governor W. S. Hammond the day before he was inaugurated as the chief executive of that prosperous state. "Coopera-

tion between the industrial centers and the farmers is much to be desired." Said Governor Hammond—"Any antagonism between these interests is to be deplored. The city manufactures those things which the farmer needs and this campaign, in which the farmer is asked to cooperate through buying now what he surely needs later on will help to relieve the present condition."

In his endorsement, Governor Hammond struck the keynote of prosperity—that of cooperation of the farmer and business men. Unconsciously he told the story of city development, and of how closely associated it is with the development of the trade territory which it serves as a metropolis. He asks the people of the United States to realize this fundamental on which all cities are built, which supply the producers, to do their share in providing for their creatures. Surely the request is a reasonable one.

Railroads Cooperating

So spontaneous to the request sent to the railroads was the response of the presidents that mention should be made of the unanimous support accorded by these oftentimes misunderstood factors, so important in the development of the country.

Here are two of the replies, which are only representative of ten or more similar ones:

"The Baltimore & Ohio Company is in full sympathy with such a movement, and as you perhaps have noticed, we have already made a rather substantial contribution to that end—that is to say, placed an order last week for two thousand new freight cars. This is the first order for equipment that has been placed by this company in more than a year, and while we have more equipment than is needed under existing conditions, we are hopeful that conditions will mend before long and that the new equipment will then be required.

"We have already purchased \$385,000 worth of material in anticipation of our requirements for the next six months, and are just about to enter into contracts for \$200,000 worth of additional material covering the year's requirements. I suppose this is the most practical way in which we can aid your movement. I am heartily in accord with the work you have in hand."

Foreign Language Newspapers

Of especial note is the fact that the Association of Foreign Language newspapers have taken up the campaign and are furthering it by carrying the message to the millions of readers, who yet rely upon the language of their birth for their information.

If the diagnosis is correct, and it seems generally accepted, that the wheels of business are ready to start, with one concerted push from the farmers, the business men, and the bankers, the signal to start is being given in no uncertain tone. If everyone will now get in step the march of good business will have begun.

Land Bank in New York State

By Eugene Lamb Richards
State Superintendent of Banks

An important piece of creative legislation is embodied in the new Banking law of New York, creating a State Land Bank. This institution will begin business with a minimum capital of \$100,000. If expectations are realized this new Land Bank will solve the problem of rural credits in the State of New York.

THE organization certificate of the Land Bank of the State of New York has been duly executed and approved by the New York State Banking Department and it is expected that the Land Bank will soon be ready to engage in active business. The institution will begin business with a minimum capital of \$100,000. At present forty savings and loan associations of the State, with resources totaling over \$16,000,000, have become members of the Bank, while several other associations expect to join the Bank this month.

While our statute books have been flooded with regulative provisions in recent years, it is seldom, I believe, that a more important piece of creative legislation has been enacted than the provisions embodied in the Banking Law authorizing the creation of the Land Bank of New York by Local Savings and Loan Associations.

BASED ON EUROPEAN SYSTEMS

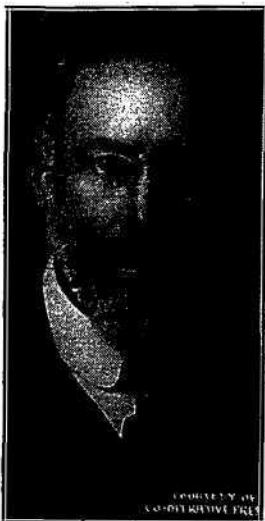
While based to a large extent upon the European systems of co-operative finance, this legislation is essentially American and is also based upon the experience of the Local Savings and Loan Associations of the State of New York during the last thirty-five years.

If the benefits derived from the present law of New York State relative to Savings and Loan Associations can be extended to strictly agricultural districts and the Land Bank of the State of New York realizes the expectations of its advocates, the problem of rural credits in New York State at least will have been almost entirely solved.

The law in its present form is the result of the joint labors of representatives of the Savings and Loan Associations of the State and of agricultural interests extending over a period of nearly two years. It received further consideration by the New York State Commission appointed to revise the Banking Law and by a Special Committee appointed to co-operate with the Commission. Probably a more unfortunate time to initiate this great undertaking could not have been found, for the Savings and Loan Associations as well as the other financial institutions of New York State have been, to some extent, affected by conditions created by the European War.

A meeting of representatives of the various savings and loan associations of the State was called soon after the passage of the act and an organization committee appointed. The general plan of the Land Bank of the State of New York was thoroughly discussed at the meeting of the State League of Local Savings and Loan Associations held at Buffalo, in June, and was also considered at the Convention of the United States League of Local Building and Loan Associations, held in Washington, in July.

The organization committee has held many meetings to consider procedure and has provided carefully drawn by-laws for the new institution. The work of that committee has been completed. The organization certificate has been duly executed and it is expected that the Land Bank will soon be ready to engage in active business. The institution will commence business with the minimum capital of one



Eugene Lamb Richards
State Superintendent of Banks

hundred thousand dollars. It will be further increased by the inclusion of some associations which had postponed making the necessary amendments to their by-laws until their annual meetings, which will be held this month. It is expected that there will be a very considerable increase in its capital as soon as an improvement in general financial conditions warrants the issuing of bonds at a low rate of interest. It is hoped that ultimately all the associations of the State may become members of this central institution, and that its bonds may become legal investments for savings banks and trust funds. With the various safeguards that will be thrown about their issue, these bonds should ultimately sell upon the same basis as good municipal bonds, and, possibly, upon the same basis as bonds of national governments.

OTHER STATES INTERESTED

Numerous inquiries have been received from other states with reference to its plans and the principles upon which it is based. If it can be made as beneficial to the people of New York State as seems probable, it will undoubtedly serve as a model for similar institutions in other States and possibly for a still greater institution of national scope.

With the operation of the Land Bank the farmers of New York State will be able to change their present mortgages into a Land Bank loan.

The difference between the ordinary mortgages and the Land Bank loan is in the method of paying off the principal. In the ordinary mortgage the borrower pays 6 per cent interest each year, and his principal at the end of his loan. Under the Land Bank system the borrower pays part of his principal each year, in addition to his interest. By paying this small addi-

tional sum the borrower gets compound interest each year on part of his principal instead of permitting the entire principal to draw interest for the loaner.

In 1913, the New York Legislature authorized the Superintendent of Banking to appoint a commission to revise the banking laws. A commission was appointed accordingly, made a report, and the Legislature enacted a new codification on April 16, 1914. Since it covers all the state laws on banking, it is rather elaborate. An interesting point is the repeal, perhaps inadvertently, of the New York Law of 1838 on which the National Bank Act of the United States was, in many ways, modeled.

In revising the state laws, the commission apparently kept in mind the new Federal Reserve Act, for it made the law of New York in regard to state banks and trust companies harmonize, in a number of respects, with the new Federal Statute. For example, the new law makes provision for foreign branches.

A brief outline of the new law regarding the Land Bank is as follows:

A savings and loan association may begin business when the incorporators have subscribed for shares to the amount of \$25,000. It may issue "installment shares,"—the standard sort,—which are payable in instalments and which participate in all dividends of the association, "savings shares," "accumulative shares," "juvenile shares," and "income shares," the last being fully paid in the beginning.

An association may lend its funds to share holders to the amount paid on their shares, taking the shares as pledges and also requiring a first mortgage on real estate which is situated within a radius of 50 miles. The appraised value of the real estate is to be shown by a certificate of two or more appraisers appointed by the board of directors of the association, and the loan secured cannot exceed 50% of this appraised value in case the real estate is vacant or 60% in case it is improved; in no event can all liens against the real estate, including the lien of the association, exceed 75% of the appraised value.

Ten or more of these associations, with aggregate resources of \$5,000,000, may form the Land Bank of the State of New York, subscribing to its shares. There are to be nine directors of the land bank. Corporate existence of the land bank begins when the Superintendent of Banking gives his approval and when subscriptions to the sum of \$100,000 have been paid in cash.

The land bank has the general powers of a corporation under New York laws. Furthermore, it may receive as pledges from member associations, according to circumstances, 25 to 100% of their bonds and mortgages, issuing against this collateral debenture bonds on behalf of the member associations to the extent of 80% of the collateral and in series of not less than \$50,000. The total indebtedness of the land bank is not to exceed 20 times its capital, and bonds which it issues for a member may not exceed 20 times the member's capital.

German Methods

ENGLAND is making great efforts in war time, official and otherwise, to increase her foreign trade. About trade methods which British exporters will have to adopt the British Commercial Attaché stationed in Italy has recently made a report reiterating some elementary principles through attention to which German commerce, not only with Italy but throughout the world, has had pronounced success,—questions of representation, quotation, delivery, credit and trade grouping.

Not content with the prevailing practice of British firms in conducting business by correspondence with agents whom they have never seen, German traders cultivate their markets either by personal visits or by means of superior, trained commercial travelers who fluently speak the native language.

Quotations by German traders are invariably made, for example, in Italian currency and in metric weights and measures, and catalogues are prepared accordingly, whereas in many cases British competitors handicap themselves by quoting in pounds, shillings, and pence and in British weights and measures.

Ordinarily German traders are prepared to deliver goods at their destination, thus saving their customers the trouble of calculating freight, duty, and carriage from port of entry to the customer's town. In any event, quotations are at least made c. i. f. port of disembarkation. British firms often make their quotations merely f. o. b. a British port.

Because of the system of personal contact with customers, German traders are in a position to judge the credit which they can safely concede, and are thus generally able to grant easier terms of payment than their British competitors.

Grouping of firms in a trade, as is in vogue in Germany, has assisted German enterprise to the detriment of British trade. Thus, if firms are working in conjunction they may take a contract for an extensive and complicated industrial plant, erect it as a unit, and have all of its parts and processes coordinated.

The report of the British Commercial Attaché is here summarized merely because of its timely suggestions upon subjects which are now receiving widespread attention in the United States.

Standard Barrel

UNDER a bill passed on January 13, which had already been agreed to by the Senate, establishing a standard barrel for fruits, vegetables and other dry commodities, the Federal Government for the first time will exercise its control of weights and measures.

The standard barrel act, introduced by Representative Tuttle, provides for a barrel with 21½-inch staves, and 17¼-inch heads, made of material not thicker than 4-10 of an inch. However, any barrel having a capacity of 7,056 cubic inches will be considered standard. A separate standard is fixed for cranberry barrels, owing to peculiar problems of packing involved.

Under the act it would be a misdemeanor punishable by a fine of \$500 or imprisonment for six months to sell or offer for sale in the United States a barrel containing fruits, vegetables or other dry commodities of less capacity than a standard barrel or its legal subdivisions. Goods packed for export in barrels built to meet specifications of the foreign country to which they are to be shipped are excepted.

Seamen's Bill in Conference Committee

The Seamen's bill was the subject of considerable discussion in Congress at the time of the last Annual Meeting of the National Chamber in February, 1914. Since that time it has been under frequent consideration. Additional light has been thrown on some of the features of the bill by the deliberations and conclusions of the London Conference on Safety of Life at Sea. The bill is now in conference between members of the House and Senate and may shortly be reported to the President for his approval and enactment into law.

At the time of the last Annual Meeting, in February, 1914, the Seamen's bill had already become a matter of considerable discussion in Congress. The Chamber accordingly prepared for distribution among those who attended the meeting a summary of the Seamen's bill compared with the salient features of the existing navigation laws of the United States and of Great Britain. Today the serious problems affecting ocean transportation which have resulted in a radical undertaking on the part of the Administration to remedy matters by a plan which is embodied in the ship purchase bill, finds the Seamen's bill still under discussion.

Those who favor the bill claim that it will put safety of life at sea and the general condition of seamen's life on a higher level and that its proposals are not only reasonable but that their adoption is imperative. Those who oppose the bill claim that it will nullify every effort which is now being made to build up an American merchant marine and that its principles are essentially contradictory to the aims and purposes of the present administration as intimated in the ship purchase bill. The opponents of the Seamen's bill argue further that the crying need for a merchant marine is more imperative than anything which will be realized if the bill becomes law.

STATUS OF BILL

In these circumstances it would seem that the present status of the Seamen's bill is a matter which is worthy of consideration and attention. The bill was originally introduced in the Senate by Senator LaFollette and was passed and went to the House of Representatives. After considerable delay it was passed by the House and went back to the Senate with amendments. The result of all this is now in conference. That an agreement will be reached by the conferees of the Senate and the House and the bill be presented to the President for approval and signature is what would constitute the formal favorable procedure in ordinary circumstances. At the present time it does not appear that the President has committed himself as to his attitude towards the bill.

IMPORTANT PROVISIONS

If it becomes law in its present form the bill will contain a number of provisions of an important, and in some cases radical, nature. Section 4 now provides that a seaman may draw half of his earned wages at every port (but not oftener than once in five days) despite any stipulations to the contrary in the articles under which he shipped. Existing law provides that wages can be drawn in port only when it is so stipulated in the ship's articles. It is claimed in connection with this Section that a number of sailors drawing such of their wages as might be due in a foreign port and then deserting could subject owners to great inconvenience. The bill further proposes that, ninety days after its passage, treaties calling for arrest of deserting seamen shall be abrogated and

imprisonment of deserters thereafter abolished. Consequently, ship owners would then be unable to look to the police authorities in a port for the return of deserters, but in order to fill the place of deserting seamen would, perforce, have to engage new seamen at whatever wages they might demand. It is claimed that if American vessels are subject to this provision when they are in foreign ports and foreign vessels are not, ship owners in the foreign trade might be tempted to transfer their ships to a foreign flag. It is understood that supporters of the bill meet this criticism by pointing out that as the provisions apply to foreign ships entering American ports the ultimate result will be to standardize wages and thus be of benefit to American ship owners through equalization of operating costs from a wage standpoint as between our ships and those of foreign nations.

LANGUAGE TEST

Section 13 of the bill provides that vessels navigating over routes more than three and a half miles from shore shall have at least 75% of the men in every department of the crew able to understand orders given by the officers. This provision, it is understood, has aroused much opposition among the ship owners on the Pacific coast who employ Lascars and other low-priced foreign labor in their crews. The ship owners say the necessity to employ American or English speaking seamen would create a prohibitive expense and that they would have to withdraw from the trade with the net result that Japanese supremacy in the Pacific would not only be facilitated but assured. The supporters of the bill, on the other hand, take the stand that safety is the first and essential consideration in ocean transportation and that transmission of orders through interpreters in times of emergency and stress is contrary to this principle.

LIFE BOATS

The most advanced legislation contained in the bill is that affecting life boats, their manning, and numbers. The existing regulations on this subject are found in Section 4488 R. S. and in the regulations of the Board of Supervising Inspectors. These it is proposed to amend by adding requirements concerning life boats, rafts, etc., adopted by the London Conference on Safety at Sea. Under the regulations now in force steamer traffic is divided into three classes. Ocean and coastwise steamers, i. e., steamers navigating more than twenty miles offshore, must have life boat equipment sufficient for all the passengers and crew. On ocean-going steamers, however, half of this equipment may be in rafts or collapsible boats; moreover, on coastwise steamers the equipment during the summer months need be sufficient for only sixty per cent of the passengers and throughout the year two-thirds of the equipment required may be in rafts or collapsible boats.

The bill which is now the subject of conference by conferees of the House and Senate provides, in general, that

vessels must have accommodation in life boats for all persons on board but that for 25% of the accommodation in life boats, pontoon rafts may be substituted. A provision not existing in any law or regulation further stipulates for each boat or raft at least one officer or able seaman in charge and not less than three life boat men, that is men from any department of the crew holding certificates of life boat efficiency from the Department of Commerce. There is also to be a muster list assigning to each member of the crew specific duties in closing water tight doors, handling boats and rafts, assisting passengers, and other operations connected with safety. Vessels on the Great Lakes using routes more than three miles offshore in the summer months need equipment for only fifty per cent of the persons on board, two-fifths of which must be life boats provided that this proportion must be 75% instead of 50% for vessels built after July 1, 1915.

ABLE SEAMEN

With regard to able seamen the pending bill requires that forty per cent of the deck crew the first year, and sixty-five per cent the fifth year and thereafter, shall have a rating as able seamen, which rating shall be obtainable only by three years' service on deck at sea or two years on the Great Lakes, provided that men who have had one year of experience and who have then passed an examination by the Department of Commerce may be also rated as able seamen but shall not constitute more than one-fourth of the able seamen required in any vessel.

The legislation outlined with regard to life boats and able seamen is opposed by ship owners because they insist it will result necessarily in an undue and unnecessary enlargement of the crew. The supporters of the bill, on the contrary, claim that no results will obtain which are unreasonable or incompatible with due and necessary precautions for safety.

FURTHER PROVISIONS

Other features of the bill require all members of the crew to participate in drills, enumerate the holidays on which the crew is not to be required to do an unnecessary amount of work, fix hours of work, and increase the forecastle space for each seaman from 100 to 120 feet. There have been considered only those features which primarily affect ocean-going steamers. The bulk of our present merchant marine of course consists in vessels engaged in the coastwise trade or on rivers and the Great Lakes. In this connection it has been stated that the safety features of the bill would force at least ninety per cent of the excursion steamers out of business. In fact, criticisms have been very numerous on the part of ship owners and others engaged in or connected with ocean transportation while the support of the bill has come from the seamen and other classes of men employed as a part of the crew. The fact remains, without regard to the pros and cons, or the particular merits

of any special features of the proposed legislation, that the seamen's bill as it went to conference contemplates important, and in some cases radical, modifications of existing law and regulations, of which the effects seem very difficult to forecast. Certainly, there is no general agreement regarding them.

The report of the Chamber's Special Committee on Merchant Marine which will be submitted for action at the Annual Meeting may result in formulating the Chamber's attitude in regard to measures having in view the restoration of our flag to the sea. In the meanwhile it is evident that the seamen's bill in some, at least, of its phases may have a bearing on this question and that a sound judgment of its wisdom should be based on broad considerations for the upbuilding of an effective American merchant marine as well as a proper regard for the importance of safety at sea and the welfare of seamen.

Financial Conference

CONGRESS has been asked by the Administration to appropriate \$50,000 for the purpose of entertaining delegates who will gather here to participate in a proposed Pan-American financial conference, which has been approved by nearly all of the South American republics. In a letter from Secretary Bryan which was inclosed by Secretary McAdoo in making the formal request for the appropriation, it was stated that most of the countries indicated that formal invitations to such a conference would be accepted.

RESOLUTION OUTLINED

Mr. Bryan outlined a proposed joint resolution authorizing the President to invite formally the finance minister and three representatives of the financial interests of each Central and South American republic. The Secretary of the Treasury would be given authority to invite representative American bankers.

Mr. McAdoo's letter urged the necessity for prompt action, but explained that the original plan for holding the conference early in February must be abandoned and suggested, that the date be left with the President.

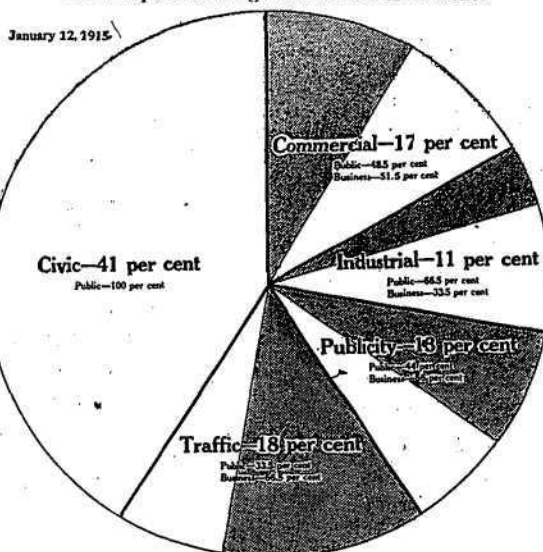
Mr. Bryan pointed out that the \$50,000 would be used in entertaining the visitors and defraying the actual expenses of the conference, and said that they "in a sense will be the guests of the nation. The importance of the proposed conference," he said in conclusion, "should be so apparent to Congress as to make argument unnecessary."

Mr. McAdoo explained that the conference would be held to improve the relations between the United States and the southern countries. "The unusual conditions prevailing throughout the world today," he wrote, "make the proposed step exceedingly timely, and it should result in greatly improving and strengthening our relations, financial, commercial, and social, with our neighboring republics in Central and South America."

A New Form of Annual Organization Report

The following article, contributed by Mr. J. M. Guild, Executive Secretary of the Greater Dayton Association, indicates a departure from the usual form of Annual Report, submitted by commercial organizations to their members.

Chart Report Showing Classification of Activities



FOR ALL THE PEOPLE 68%—WHITE PORTIONS
FOR THE BUSINESS MAN 32%—SHADED PORTIONS

Interpreted laws, rules, etc.,
Reported court decisions,
Improved freight service,
Handled switching arrangements,
Arbitrated demurrage disputes,
Prevented rate and service discrimination,
Sought improvement in freight terminals,
Organized Traffic Club,
Represented Dayton in traffic conferences,
Has attained position of authority on import duties,
Maintained library on transportation matters.

ACTIVITIES UNDER WAY:

Working for D. L. & C. track connection,
Wielding influence in National affairs,
Influencing state traffic matters,
Assisting in revision of state transportation laws,
Working for better Pullman service.

For All The People

ACCOMPLISHED IN WHOLE OR IN PART:

Secured information bureau at station,
Got bulletin board in station re-created,

Defeated effort to raise milk freight rates,
Helped secure traction station at Ft. McKinley,
Secured promise of extension of White Line,
Has brought about improvements in traction accommodations,
Gave traffic information to anybody.

ACTIVITIES UNDER WAY:

Working for better railroad passenger service,
Keeping tab on traction service,
Agitating better street car service,
Working for adequate traction terminal,
Working on rerouting of street car lines.

In this report every activity, no matter how important, is recorded as one activity, whether it be the invaluable service to shippers of quoting rates or the federating and handling of the ten leading charities of the city. The latter involves an annual budget of \$47,000, but is covered in the report by four words. There is no useless verbiage, no finely turned paragraphs about civic pride or patriotism. It is a business statement in every way, and anyone interested in the full report will be furnished a copy on application to J. M. Guild, Executive Secretary of the organization, Dayton, Ohio.

THE Greater Dayton Association of Dayton, Ohio, in making a report of its first year's activities has departed from the usual custom of compiling and publishing a voluminous document, just as it has from many other customs of older organizations. In other words, it is consistently blazing a new trail of its own in all of its work. It is, according to such an authority as Mr. Harry A. Wheeler, Ex-President of the Chamber of Commerce of the United States, the most democratic organization in the country, as well as the largest. Its membership numbers over seven thousand and embraces all classes, from the presidents of Dayton's biggest concerns to the man at the bench, and includes over five hundred women, who work shoulder to shoulder with the men for the improvement of the city. The women are particularly interested in such things as garbage disposal, smoke prevention, cleaner streets, and public markets.

The accompanying charts are two out of four that constitute the complete report. The others cover commercial, industrial, publicity and traffic activities. In addition to enumerating the work and showing what has been accomplished or is under way, the charts show an interesting subdivision,—what is for all the people and what is for the business man as such. As a sample of the other charts, here is what appears under "Traffic:"

For The Business Man

ACCOMPLISHED IN WHOLE OR IN PART:

Quoted rates,
Checked expense bills,
Prosecuted claims,
Collected overcharges for shippers,
Watched and reported tariff changes,
Secured rate changes,
Routed shipments,
Watched and secured classification changes,

Chart Report Showing Work Accomplished and Under Way

Civic Activities of The Greater Dayton Association For the Benefit of ALL the People of Dayton					
Community	Physical	Life and Property	Educational	Health	Welfare
Accomplished in Whole or in Part					
<ol style="list-style-type: none"> 1 Fought injurious tax amendment 2 Influenced reduction in price of ice 3 Received and handles complaints 4 Is encyclopedia of information 5 Co-operates with city administration 6 Is medium between city and public 7 Helped revise plumbers' ordinance 8 Acts as official host to visitors 9 Stopped wholesale purchase of fire equipment at exorbitant prices 	<ol style="list-style-type: none"> 1 Conducted Arbor Day celebration 2 Co-operates with improvement associations 3 Started revision of building code 4 Stopped bill-posting on fences and buildings 5 Secured enforcement of hand-bill ordinance 6 Brought about new hand-bill ordinance 7 Secured appointment of city plan board 8 Placed ban on banners across streets 9 Conducted window flower-box campaign 10 Secured removal of river obstructions 11 Helped defeat electric light bonds 	<ol style="list-style-type: none"> 1 Stopped "jay-walking" 2 Conducted "safety-first" campaign through schools 3 Endorsed "safe and sane Fourth" 4 Reported accidents and causes 5 Helped on new traffic ordinance 6 Reported bad fire risks 7 Investigated and reported fire and causes 	<ol style="list-style-type: none"> 1 Conducts discussion of local affairs 2 Brings national speakers 3 Furnishes places for meetings 4 Worked up flood history and exhibit 5 Conducting educational campaign on city affairs 	<ol style="list-style-type: none"> 1 Went after cleaner streets—first thing 2 Stopped sweeping street cars enroute 3 Participated in clean-up day 4 Co-operated with Civic Workers' Association 5 Conducted fly-swating campaign 6 Helped place city boys on farms 7 Investigated improvement in public markets 	<ol style="list-style-type: none"> 1 Federated ten leading charities 2 Investigated local aid bureau 3 Raised fund for social survey 4 Financed doll-money survey 5 Financed audit of charitable bodies 6 Collected charity funds 7 Promoted "Good Will Week" for charities 8 Furnished municipal Christmas tree in 1913 9 Conducted clearing house for Christmas baskets 10 Promoted and handled 1914 "Community Christmas" 11 Backing Civic Music League 12 Helping the Boy Scouts
Activities Under Way					
<ol style="list-style-type: none"> 1 Supporting flood prevention measures 2 Investigating public utilities 3 Working for extension of gas mains 4 Comparing telephone rates and service 5 Investigating electric light rates and service 	<ol style="list-style-type: none"> 1 Working for smoke abatement 2 Protecting trees and birds 3 After bill-board nuisance 4 Urging snow removal from walks 5 Organizing movement for more parks 6 Wanting street signs 	<ol style="list-style-type: none"> 1 Conducting fire prevention campaign 2 Suggesting new fire limits 3 Working for salvage corps 4 Advocating automatic sprinklers, etc. 5 Campaigning for greater public safety 6 Advocating citizen traffic officers 7 After greater protection at grade crossings 8 Working for grade crossing elimination 9 Urged removal of multiple trolley wires 	<ol style="list-style-type: none"> 1 Co-operates with school authorities 	<ol style="list-style-type: none"> 1 Planning improvement in hospital service 2 Watching disposal of garbage 3 Favors public comfort stations 4 Considering "more daylight" movement 	<ol style="list-style-type: none"> 1 Organizing remedial work 2 Endorse worthy charities 3 Making survey of charitable work

The Greater Dayton Association Stands for What is Best for the Community

Young Men's State Chamber of Commerce

By J. M. Tucker, Jr., President

The results of commercial organizations of young men in municipal work were reviewed in the December number of THE NATION'S BUSINESS. The principle of having young men active in these organizations with a view to taking part later in the work of organizations composed of business men of more mature years, has been made state-wide in Arkansas and is described in the following article.

REVIEWING the industrial and commercial history of the State of Arkansas as a whole, it appears that the most salient factor concerning its general growth in the past two years, and the one feature that makes Arkansas' wonderful efforts for development appear somewhat different from the typical Southern and Southwestern manner of accomplishing such results, is the active part played by the young men of the state in bringing about that development.

Every city in the State now has a live, strong and active commercial organization composed entirely of young men, managed and controlled by them in the interest of the community they represent.

Two years ago in Little Rock the first Young Men's Chamber of Commerce in Arkansas was organized under the direction of the Chamber of Commerce of that city. A short time afterwards, news of the wonderful success of that organization having spread, similar associations were successfully launched in Pine Bluff, Fort Smith, Jonesboro, and Hot Springs and later at Stuttgart and DeWitt and at the present time there are no less than 25 cities and towns planning to organize similar bodies; and a state organization, the first of its kind in the United States, known as the "Young Men's Chamber of Commerce of Arkansas", is planning to assist in organizing 25 additional chambers in other towns in the state.

ORGANIZATIONS WORK TOGETHER

The relationship existing between the senior and junior organizations in the various cities where there may be senior organizations, differs in that in some places there is no attachment of any nature between the two, while in others the young men are under the guidance of the senior organization. Little Rock is an excellent example of the latter type of association. The Young Men's Chamber of Commerce has a representative on the board of directors of the Chamber of Commerce, its secretary is assistant secretary of the Chamber of Commerce, and when its members have reached the age limit, they are "graduated" into the senior organization. Pine Bluffs organization, known as the "Young Men's Progressive Business League", on the other hand, is not affiliated with the Chamber of Commerce, and while it works in the heartiest spirit of cooperation with the elder organization, it maintains its own offices, employs a secretary to devote his entire time to the affairs of the organization, and exists as an independent organization. In every city where there is a Young Men's Chamber, to have the parent organization advise and plan, and to act on that advice and carry out those plans, is the object of the organization. Great results can be attributed to this plan of action.

CONSTITUTION

The constitution of the Little Rock Chamber of Commerce has been more

or less closely followed by the other organizations of the state.

The constitution fixes a minimum and a maximum age limit for membership and provides for the payment of annual dues to support the organization. A strong feature of the constitution is its platform on a non-political, non-sectarian and non-partisan basis, and this platform is adhered to in the strictest manner. The affairs of the organization are directed by a board of governors or directors, and administered by a president, two vice presidents, a secretary and a treasurer. The meetings of the members are held once a month, and the meetings of the Board of Governors semi-monthly.

The average amount of dues paid is \$6.00 per annum, payable quarterly in advance.

The age limit varies somewhat, being 18 to 40 years in Pine Bluff, 21 to 32 years in Little Rock, and practically the same in the other cities.

The Board of Governors looks after the routine business of the organization and acts in all emergency matters, but as a rule the action of the organization reflects the opinion of a majority of the members.

CHARACTER OF WORK

The work performed by the various organizations may be roughly divided into two classes: Work that is largely civic in nature, which is that largely performed by the Little Rock and Fort Smith organizations, and work that is along general development lines, approximating the work of a true commercial club, of which class Pine Bluff and Hot Springs, Jonesboro and Stuttgart are types. Of course, where the young men maintain the only organization in their community, their work is identical with that of a commercial club. In Fort Smith the "Noon Day Civics Club," as the organization is known, confines its action largely to discussion of matters of importance to the administration of the city's affairs. These are discussed by them, and the active work of advocating and campaigning for any issues, such as the bond amendment issue, is always left to them.

In Little Rock much good has been accomplished along these lines. A very successful "Clean Up Week" was inaugurated by them. They are always on the alert to care for similar needs of the city.

These examples are merely to show the tendencies the organizations have in their manner of work, and by no means does this indicate that the actions of these organizations is limited to this type of work alone. It is merely the dominant note of the work performed by them. The creative imagination of youth is too great a force to be bound down within any well-defined limits restricting its use.

Being familiar with all of the details of the Young Men's Progress-

sive Business League of Pine Bluff, the writer will mention some of the business transacted by them within the last six months, as a fair example of similar work being performed by every organization of its kind in the state.

RESULTS IN PINE BLUFF

In May the State Athletic Association met in Pine Bluff. The proposition of entertaining and caring for 5,000 visitors for three days was undertaken by the organization, and the management and supervision of the school athletic field was left entirely in the hands of the League by the School Board.

The organization of a Civic Improvement Committee to plan for the improvement of the city, and to study the financial problems confronting the administration, has been accomplished and the Committee will no doubt work out great good for the city.

Recently the League held a meeting for the purpose of informing the merchants of the city regarding the war tax measure, and not only gave valuable information to all requesting it, but supplied many of the merchants of the city with revenue stamps for their immediate needs.

The greatest work now being done by this organization is that looking toward the material assistance of the farmer, and the establishment of sound financial policies for this community. With that end in view meetings of planters, of bankers, of merchants and of wholesalers have been held and the views and positions expressed at them recorded. Representatives from each class have been appointed to form a general committee that will report its findings publicly, so that all business may be conducted on a cooperative basis, and by concentrated action in the same direction, benefit the entire community.

In November, the state-wide Diversified Farming Campaign was conducted in this county under the auspices of the League, and direct results of great benefit can be traced to it. A soil survey, secured through the efforts of the League, is now well under way, and a complete file of Farmers' Bulletins and Agricultural literature is maintained in the office for the use of the farming class.

The League maintains a bureau of information and a fair reference library, and offers that service to any who care to avail themselves of it.

YOUNG MEN'S STATE CHAMBER

The Young Men's Chamber of Commerce of Arkansas is organized on identically the same lines as the Chamber of Commerce of the United States. Its greatest ambition is to occupy the same position in relation to the people of Arkansas that the National Chamber does to the entire country.

It has already successfully fought for the passage of the amendment to the constitution allowing cities and towns of over 1,000 in population to

issue bonds for public improvements. It is now planning to have a committee on hand at Little Rock at the next meeting of the General Assembly, to see that, backed by its members, nothing but constructive business legislation is passed, and to influence generally the trend of the commercial laws before the Assembly.

Any commercial club in the state is eligible to membership, but no officer or representative can be over thirty-five years old. The financial plan will be similar to that of the National Chamber, and the methods of conducting its affairs practically the same.

The organization is now planning to run a special Arkansas train to San Francisco this summer to the Exposition, and work is well under way.

The work of the State organization is three-fold. Publicity, development, and legislation will be the general lines followed. Very interesting and instructive statistics relating to Arkansas have been compiled, and will be ready for distribution in the near future. The influencing of the proper kind of immigration and the caring for foreign immigration in general will be the greatest work for development of the State undertaken by the organization. The many legislative problems before the people of our State will be discussed, and whatever results are determined will be given wide publicity.

New organizations are being formed every day, and it is our purpose to assist them, and to organize many more, so that within two years every town in Arkansas over 1,000 in population will have its own young men's organization.

The Young Men's Chamber of Commerce of Arkansas is officered by the following:

President: J. H. TUCKER, Jr., Pine Bluff, Ark.

Vice-Presidents: H. P. LYMAN, Ft. Smith; E. F. LATTA, Hot Springs.

Secretary-Treasurer: R. D. FENTON, Jr., Little Rock.

Members of the Board: F. F. QUINN, Texarkana; J. W. REAVELY, Stuttgart.

Disposal Plants

EVERY community has an insistent problem in devising ways to dispose of sewage. In studying community affairs commercial organizations are constantly engaged in examining this problem.

The Grand Rapids Association of Commerce in December had a special committee report upon the situation at Grand Rapids in view of a judgment of the Michigan Supreme Court requiring that the city cease emptying untreated sewage into the Grand river. In this report upon methods used in other cities, costs of building disposal plants, etc., the Grand Rapids Association has data on which it can base an effective representation of public opinion regarding the steps officials of the city should take.

New Jersey State Organization Active

The following article, printed in accordance with the policy of the National Chamber to publish from time to time information which it is believed will prove helpful to commercial organizations throughout the country, should be of particular interest to those organizations seeking greater efficiency in state legislative activities

JUST as an organization of business men is necessary for greater efficiency in a small community, and a federation of all business bodies for nation-wide progress along business lines, so is it necessary for organizations of a state to join for greater efficiency. A feature most closely affecting interests of one state is state legislation and what is being done by one state association as an aid to both the Legislature and the business men of that State is set forth below as a type of the service which may be rendered in this connection by a well organized and efficient body of men.

In a recent publication, the New Jersey State Chamber of Commerce set forth its efforts under the following classifications:

To stop the needless waste of railroad revenue by the repeal of the full crew law.

By a referendum vote the citizens of Missouri repealed this law. It still remains on the statute books of twenty other states—an unnecessary burden of expense, ultimately borne by the public.

A careful study of its operation in New Jersey during the past two years has shown conclusively that neither added safety nor convenience has resulted, but that it has caused an additional expenditure of approximately \$400,000—or the income on an investment of \$8,000,000. This sum might better be expended in the elimination of grade crossings and the improvement of railway equipment.

To protect the interests of small investors by providing for the election of certified public accountants by stockholders of New Jersey corporations instead of their appointment by directors.

The Investors' League of the State Chamber is working to make New Jersey corporations the safest and best of their respective classes. It believes that stockholders are entitled to a full knowledge of existing conditions through the election of certified public accountants to audit the books.

While not interfering with the executive direction of affairs, this places the full responsibility on the shoulders of the individual stockholders.

To conserve taxpayers' money by effecting economies in the administration of the State government.

It is a matter of common knowledge that duplication of effort exists in the State departments at Trenton with its resultant heavy cost to taxpayers. Its treatment has, up to the present time, been influenced by partisan politics.

The State Chamber represents no political party, but the diversified business interests of New Jersey—the taxpayers—and it now calls upon the Legislature of 1915 to put into practice the same principles as successful business houses employ today. The time for action is now. Find the duplication and eliminate it.

To work for a short, business-like session of the Legislature.

The cumulative result of the countless measures passed during the last few years has intimidated the business houses of this state, crippled expansion, and almost precipitated stagnation.

New Jersey needs industrial development more than additional restriction upon its industries.

Some laws were necessary and have resulted beneficially to all the people. A mass of hastily passed, undigested legislation, however, cannot but have the opposite effect.

Projected Legislation

The abandonment of the Morris Canal and the adjustment of property rights.

It is generally admitted that the Morris Canal is useless as an avenue of commerce. There seems to be a universal desire to have it abandoned as a canal and an adjustment of property rights effected.

As an impartial arbiter, the State Chamber will endeavor to harmonize the interests affected in the several sections of the state traversed by the canal. It will avail itself of the reports already made and filed by the three investigating commissions.

A revision of our present complicated system of taxation, so as to produce an equalization of the burden, with fairness to all.

Each year the citizens of New Jersey feel the burden of increased taxes, not based upon any definite policy or equitable method of assessment. In an endeavor to avoid a state tax, emergency measures are passed, further complicating the system.

No one method of taxation could possibly meet the approval of all the taxpayers, but it rests upon the State Chamber to make an impartial study, to profit by the experience of other states, and to urge such provisions as are found to meet the views of the greater number of taxpayers.

The elimination of inconsistencies between the state and federal 'anti-trust' acts.

The 'Seven Sisters' Acts were passed for the purpose of 'fostering competition between corporations,' the 'elimination of holding companies, joint ownership of stock and interlocking of directors' and to 'prevent monopoly.'

For a similar purpose the Clayton bill was recently enacted into law at Washington.

Business men in New Jersey hesitate to plan extensions of their industrial enterprises lest their innocent acts should come within the conflicting provisions of these state and federal laws.

Surely no one intended such restriction of business nor could the inconsistencies between the two statutes be foreseen. Business men are entitled to a complete investigation in order to clarify the existing situation.

A garnishee bill to safeguard the interests of retail merchants.

For several years an effort has been made, not successfully, to protect the credits of retail merchants by the passage of a garnishee bill similar to the New York law.

This now becomes a subject for investigation by the Commercial, Agricultural, and Civic Federation of the State Chamber which, through a referendum vote, will determine the desires of the entire state in this regard.

Further regulation of private banks to protect depositors, principally foreigners who do not understand our banking laws.

The Committee on Banking and Currency of the State Chamber is now

studying this most important matter. As is usually the case, the loss from irresponsible private banks falls upon the ignorant foreigner who, least of all, is able to bear the loss. The committee hopes to put forth and vigorously support a strong bill for passage at the forthcoming session of the Legislature.

The furtherance of agricultural development by the formation of additional county farm bureaus.

New Jersey now has two county farm bureaus, Mercer and Sussex, working for agricultural development by the employment of methods suggested by the State and the United States Government.

This state occupies a strategic position, located in the centre of a thickly populated area, and should immediately strengthen itself through the installation of additional farm bureaus to insure, also, close cooperation between each county.

The adoption of a permanent policy to govern road development in view of the commercial, agricultural, and civic importance of good roads.

The industries of New Jersey, the vast agricultural interests, the mountain and coast resorts, and the residential sections all demand good roads. To plan for the future, for every district, requires a permanent policy to govern this development.

Part-time instruction for workers who left school prematurely and who desire to better themselves by practical industrial study.

The State Chamber's Committee on Education and the State Board of Education now have under consideration a bill to provide for continuation schools, in order to make more efficient the workers who have left school prematurely.

These workers may thus profit materially through a system of industrial education which takes but a part of their time each week away from their places of employment.

This is a practical treatment of a most important economic subject.

Selling City Bonds

THROUGH the investment of the savings of thrifty citizens in its securities, the City of St. Paul, Minn., has found a new solution for some of the financial troubles experienced by the average American city. It has resulted thus far in the city being able to meet some pressing obligations as well as to undertake some necessary and important improvements.

Early in the summer of 1913 the city had \$2,293,500 worth of tax levy certificates for disposal. Such certificates, which the city has been issuing for some years past, are a lien on the taxes payable the year following, and run from June 15 in one year to June 15th next, drawing 4 per cent interest.

They have been eagerly bought by local people. The amount offered last year, however, was greater than in years previous, and a great deal of the money usually available had been absorbed in other securities, so that of the \$2,293,500 offered, the city had about \$500,000 left for disposal.

BONDS ADVERTISED

The City Sinking Fund Committee, which is composed of the mayor, comptroller and commissioner of finance, decided to issue \$10 certificates, at 4 per cent interest, redeemable on demand. Front page articles in the newspapers announcing a \$10 city bond, on which cash and interest could be obtained at any time, was a bargain that instantly caught public favor. In three days \$150,000 worth of certificates were sold over the counter of the City Treasurer's Office. Money came in so fast that the clerks had time only to sign receipts. At that period the bond market generally was dull and a number of St. Paul bonds were seeking buyers. The sinking fund committee decided to take these over, including \$150,000 city water and \$17,000 library bonds. Later the committee acquired some sewer and paving bonds and the aggregate amount of securities in its hands at present is over a million dollars. Holding such securities in trust, and as representative of them, the committee has been conducting a most successful sale of the participating certificates.

SYSTEM OF INTEREST

The committee endeavors to keep in cash in the bank, 10 per cent or more of the money it has taken in on certificates. This margin has to be maintained in order that the Commissioner of Finance can have sufficient money available to take care of the withdrawals. On the average daily balance in the bank, the City draws 2 per cent interest, while it has to pay 4 per cent interest on each sum to the public. This loss, however, is calculated to be offset by the rates of interest secured by the committee from the securities, which range from 4 to 6 per cent, or an average of 4 1/2 per cent. For the six months ending January 1, 1914, the committee reported a net profit of about \$2,000.

The participating certificates are issued in denominations of \$10 and its multiples, up to \$10,000. The number of depositors is 2,400, including residents and non-residents extending from Maine to California and even into foreign countries.

The certificates are exempt from all taxation. One of the most attractive features to the investor is that he can buy a certificate one day and get his money back, with interest, on any other day—the next, if he so desires. It is the most rudimentary kind of transaction. Conspicuously posted above the counter in the City Treasurer's office is a table showing the interest payable each day, on the basis of a \$100 certificate.

A citizen, on March 1st, for instance, goes into the office of the Commissioner of Finance to buy a certificate. A glance at the table shows that the accrued interest on a \$100 certificate from January 1 to March 1 is 67 cents. This amount the investor pays, together with \$100 principal for the certificate. On April 1st, he goes into the Commissioner's office again to redeem his certificate. The sum of \$101.67 is handed over to him; his investment in the one month has earned 34 cents.

The investor, except that he has to sign his name, puts his money in and takes it out with almost as little red tape as though he kept it in an old stocking.

The committee reserves the right to recall and to cancel the certificates on ten days' notice. This precaution is taken to prevent an excess in deposits over the amount of securities held by the committee, and also allows an abandonment of the plan at short notice, if necessary.